

**As Introduced**

**129th General Assembly  
Regular Session  
2011-2012**

**H. B. No. 615**

**Representatives Goyal, Letson**

**Cosponsors: Representatives Fende, Yuko, O'Brien, Antonio, Stinziano,  
Gerberry, Garland, Lundy, Reece, Murray, Mallory, Driehaus, Boyce, Fedor,  
Celebrezze, Heard**

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**A B I L L**

To enact sections 134.01, 134.02, 134.03, 134.031, 1  
134.04, 134.041, 134.042, 134.05, 134.06, 134.07, 2  
134.08, 134.09, and 134.10 of the Revised Code to 3  
create the Ohio bond bank to assist political 4  
subdivisions with borrowing and with the 5  
acquisition of property by acting as a financing 6  
conduit. 7

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

**Section 1.** That sections 134.01, 134.02, 134.03, 134.031, 8  
134.04, 134.041, 134.042, 134.05, 134.06, 134.07, 134.08, 134.09, 9  
and 134.10 of the Revised Code be enacted to read as follows: 10

**Sec. 134.01.** For purposes of sections 134.01 to 134.10 of the 11  
Revised Code: 12

(A) "Bank" means the Ohio bond bank established in section 13  
134.02 of the Revised Code. 14

(B) "Board" means the board of directors established in 15  
section 134.03 of the Revised Code. 16

(C) "Holder" means a person who is the bearer of any 17  
outstanding bond or note registered to bearer or not registered, 18  
or who is the registered owner of any outstanding bond or note 19  
that is registered other than to bearer. 20

(D) "Qualified entity" means a subdivision as defined under 21  
section 133.01 of the Revised Code and any nonprofit corporation 22  
authorized to issue securities for or on behalf of any 23  
subdivision. 24

(E) "Security" means any of the following: 25

(1) A bond, note, or evidence of indebtedness issued by a 26  
qualified entity; 27

(2) A lease or other evidence of participation in the 28  
lessor's interest in and rights under a lease with a qualified 29  
entity; 30

(3) An obligation of a qualified entity under an agreement 31  
between the qualified entity and the bank. 32

**Sec. 134.02.** (A) If the provisions of this chapter are 33  
inconsistent with the provisions of any other law, general, 34  
special, or local, the provisions of this chapter shall control. 35

(B) The Ohio bond bank is hereby created to provide low-cost 36  
financial assistance to qualified entities. The bank is a separate 37  
body corporate and politic, constituting an instrumentality of 38  
this state, but it is not a state agency. The bank is separate 39  
from this state in its corporate and sovereign capacity. All 40  
expenses incurred by the Ohio bond bank in carrying out its 41  
purpose are payable solely from revenues of the bank or funds 42  
appropriated to the bank, and nothing in sections 134.01 to 134.10 43  
of the Revised Code shall be construed to authorize the bank to 44  
incur a liability on behalf of or payable by this state. 45

(C) The bank is granted all powers necessary or convenient to 46

<u>perform its purpose, including but not limited to the power to do</u>	47
<u>any of the following:</u>	48
<u>(1) Buy and sell bonds, notes, or other evidence of</u>	49
<u>indebtedness issued by a qualified entity;</u>	50
<u>(2) Loan money to a qualified entity;</u>	51
<u>(3) Purchase property and sell or lease it to a qualified</u>	52
<u>entity;</u>	53
<u>(4) Issue bonds, notes, or other evidence of indebtedness or</u>	54
<u>borrow money;</u>	55
<u>(5) Render services consistent with the bank's purpose and</u>	56
<u>charge a reasonable fee for such services;</u>	57
<u>(6) Charge fees for applications submitted by qualified</u>	58
<u>entities;</u>	59
<u>(7) Accept gifts or grants of property, money, or services;</u>	60
<u>(8) Invest surplus cash;</u>	61
<u>(9) Adopt an official seal;</u>	62
<u>(10) Sue and be sued;</u>	63
<u>(11) Perform any action necessary or convenient for the</u>	64
<u>bank's day-to-day operations, such as buying, selling, leasing,</u>	65
<u>holding, or using property; entering into contracts; employing or</u>	66
<u>retaining attorneys, accountants, financial advisors, or other</u>	67
<u>professionals and personnel; and procuring insurance;</u>	68
<u>(12) Adopt bylaws governing its operations, procedures, and</u>	69
<u>policies as may be necessary to assist with the furtherance of the</u>	70
<u>bank's purpose.</u>	71
<u>(D) The bank shall maintain an operating fund and such other</u>	72
<u>funds as it considers necessary or convenient to execute the</u>	73
<u>bank's purpose.</u>	74

Sec. 134.03. (A) The bank shall be governed by a board of 75  
directors composed of the following: 76

(1) The treasurer of state, who shall be the chairperson; 77

(2) The director of budget and management; 78

(3) Five residents of this state having substantial expertise 79  
in buying, selling, or trading public securities, in public 80  
administration, or in public facilities management, to be 81  
appointed by the governor. Appointed directors shall serve for a 82  
term of three years, may be reappointed for an unlimited number of 83  
terms, and shall hold office from the date of the appointment 84  
until the end of the term for which the director was appointed. An 85  
appointed director shall continue in office subsequent to the 86  
expiration date of the director's term until the director's 87  
successor takes office or until a period of sixty days has 88  
elapsed, whichever occurs first. A director appointed to fill a 89  
vacancy occurring before the expiration of the term for which the 90  
director's predecessor was appointed shall hold office for the 91  
remainder of the term. A vacancy in an unexpired term shall be 92  
filled in the same manner as the original appointment. The 93  
governor may remove an appointed director for malfeasance, 94  
misfeasance, or nonfeasance after a hearing in accordance with 95  
Chapter 119. of the Revised Code. 96

(B) Directors shall serve without compensation but shall 97  
receive reimbursement for their reasonable and necessary expenses 98  
incurred in the conduct of the board's business. Directors shall 99  
file financial disclosure statements described in division (A) of 100  
section 102.02 of the Revised Code. Each director, and the chief 101  
executive officer appointed under section 134.031 of the Revised 102  
Code, shall execute a surety bond in an amount specified by the 103  
treasurer of state. Each surety bond shall be conditioned upon the 104  
faithful performance of the duties of the office of director and 105

chief executive officer, respectively. In lieu of such surety 106  
bonds, the bank may execute a blanket surety bond covering each 107  
director, the chief executive officer, and any other officers or 108  
employees of the bank. The surety bonds shall be issued by a 109  
surety company authorized to transact business in this state. The 110  
cost of the surety bonds shall be paid by the bank. Neither a 111  
director nor a person executing bonds or notes issued under this 112  
article is personally liable on the bonds or notes. 113

(C) A majority of all directors constitutes a quorum, and no 114  
action may be taken without the concurrence of a majority of the 115  
directors. The board of directors is a public body for the 116  
purposes of section 121.22 of the Revised Code. The minutes of the 117  
meeting prepared under that section shall state the name of each 118  
director who was physically present at the meeting, participated 119  
in the meeting remotely, or was absent. Records of the bank are 120  
public records for the purposes of section 149.43 of the Revised 121  
Code. 122

(D) Each fiscal year, the bank's books and accounts shall be 123  
audited by a certified public accounting firm or the auditor of 124  
state, as selected by the bank. If the audit is to be conducted by 125  
a certified public accounting firm, the firm may not be selected 126  
without a review of the firm's proposal and approval of the firm 127  
by the auditor of state. The cost of the audit shall be considered 128  
an expense of the bank, and a copy of the audit shall be made 129  
available to the public. 130

(E) Within ninety days after the end of each fiscal year, the 131  
board, with the assistance of the chief executive officer, shall 132  
submit to the governor and the general assembly a report of the 133  
activities of the bank during the preceding fiscal year. 134

**Sec. 134.031.** The board shall elect a vice chairperson and 135  
appoint and establish the duties and compensation of a chief 136

<u>executive officer. The chief executive officer shall do all of the</u>	137
<u>following:</u>	138
<u>(A) Serve as both secretary and treasurer;</u>	139
<u>(B) Administer, manage, and direct the employees of the bank;</u>	140
<u>(C) Approve all amounts for salaries, allowable expenses of</u>	141
<u>the bank or of any employee or consultant of the bank, and</u>	142
<u>expenses incidental to the operation of the bank;</u>	143
<u>(D) Attend meetings of the board and keep a record of the</u>	144
<u>proceedings of the board;</u>	145
<u>(E) Maintain all books, documents, and papers filed with the</u>	146
<u>bank, the minutes of the board, and the bank's official seal. The</u>	147
<u>chief executive officer may cause copies to be made of all minutes</u>	148
<u>and other records and documents of the bank and may give</u>	149
<u>certificates under seal of the bank to the effect that those</u>	150
<u>copies are true copies, and all persons dealing with the bank may</u>	151
<u>rely upon those certificates.</u>	152
<u>(F) Establish an office for the bank in Columbus;</u>	153
<u>(G) Adopt an annual budget;</u>	154
<u>(H) Perform other duties fixed by the board.</u>	155
<u><b>Sec. 134.04.</b> (A) Bonds or notes of the bank shall be</u>	156
<u>authorized by resolution of the board. Upon the adoption of a</u>	157
<u>resolution authorizing the issuance of bonds or notes, the bank</u>	158
<u>may publish notice of the adoption once each week for two weeks in</u>	159
<u>a newspaper of general circulation in the city of Columbus. If</u>	160
<u>notice is published as provided in this section, any action or</u>	161
<u>proceeding in any court to set aside the resolution authorizing</u>	162
<u>the issuance of bonds or notes of the bank under this chapter or</u>	163
<u>to obtain any relief upon the ground that the resolution is</u>	164
<u>invalid must be filed within thirty days following the first</u>	165

publication of notice of the adoption of the resolution. After the 166  
expiration of this thirty-day period, no right of action shall be 167  
asserted nor shall the validity of the resolution or any of its 168  
provisions be open to question in any court or agency upon any 169  
grounds. 170

(B) Bonds and notes of the bank are negotiable instruments 171  
and securities under Chapters 1303. and 1308. of the Revised Code. 172  
A bond or note of the bank is not a debt, liability, loan of the 173  
credit, or pledge of the faith and credit of this state or of any 174  
qualified entity. Each bond or note shall state on its face that 175  
the bank is obligated to pay principal and interest, and 176  
redemption premiums if any, and that the faith, credit, and taxing 177  
power of this state are not pledged to the payment of the bond or 178  
note. The bank may issue its bonds or notes in principal amounts 179  
that it considers necessary to provide funds for its purpose 180  
unless otherwise limited by act of the general assembly. 181

Unless otherwise specified by the board, every issue of bonds 182  
or notes is a general obligation of the bank payable out of the 183  
revenue or funds of the bank, subject only to agreements with the 184  
holders of a particular series of bonds or notes pledging a 185  
particular revenue or fund. Bonds or notes may be additionally 186  
secured by a pledge of a grant or contributions from the United 187  
States, a qualified entity, or a person or a pledge of income or 188  
revenues, funds, or money of the bank from any source. 189

The rate or rates of interest on the bonds or notes may be 190  
fixed or variable. Variable rates shall be determined in the 191  
manner and in accordance with the procedures set forth in the 192  
resolution authorizing the issuance of the bonds or notes. Bonds 193  
or notes bearing a variable rate of interest may be converted to 194  
bonds or notes bearing a fixed rate or rates of interest, and 195  
bonds or notes bearing a fixed rate or rates of interest may be 196

converted to bonds or notes bearing a variable rate of interest, 197  
to the extent and in the manner set forth in the resolution 198  
pursuant to which the bonds or notes are issued. Interest on bonds 199  
or notes may be payable at any interval and may be compounded, as 200  
specified in the resolution. At the option of the holders, the 201  
bonds or notes may be made subject to mandatory redemption by the 202  
bank at the times and under the circumstances set forth in the 203  
resolution. 204

(C) Bonds or notes issued under this chapter may be secured 205  
by a trust agreement by and between the board and a corporate 206  
trustee, which may be any trust company or bank having the powers 207  
of a trust company. The trust agreement or the resolution 208  
providing for the issuance of the bonds or notes may contain 209  
provisions for protecting and enforcing the rights and remedies of 210  
the holders of any such bonds or notes as may be reasonable and 211  
proper and not in violation of law. The trust agreement or 212  
resolution may set forth the rights and remedies of the holders of 213  
any bonds or notes and of the trustee and may restrict the 214  
individual right of action by the holders. The trust agreement or 215  
resolution may contain such other provisions as the board may 216  
consider reasonable and proper for the security of the holders of 217  
any bonds or notes. All expenses incurred in carrying out the 218  
provisions of the trust agreement or resolution may be paid from 219  
revenues or assets pledged or assigned to the payment of the 220  
principal of and the interest on bonds and notes or from any other 221  
funds available to the board. 222

(D) Unless a judicial action or proceeding challenging the 223  
validity of the bonds or notes is commenced by personal service on 224  
the chief executive officer before the initial delivery of the 225  
bonds or notes, the proceedings relating to them are incontestable 226  
and shall be conclusively considered to be and to have been 227  
issued, secured, entered into, payable, sold, executed, and 228



delivered, and the proceedings relating to them taken, in 229  
conformity with all legal requirements if all of the following 230  
apply: 231

(1) They state that they are issued or entered into under or 232  
pursuant to Chapter 134. of the Revised Code and comply on their 233  
face with the provisions of that chapter; 234

(2) They are issued or entered into for a lawful purpose and 235  
within any limitations prescribed by law; 236

(3) Their purchase price, if any, has been paid in full; 237

(4) The transcript of the proceedings of the board contains a 238  
statement by the chief executive officer that all the proceedings 239  
were held in compliance with law, which statement creates a 240  
conclusive presumption that the proceedings were held in 241  
compliance with all laws, including, as applicable, section 121.22 242  
of the Revised Code, and rules. 243

**Sec. 134.041.** (A) Bonds or notes of the bank may be sold by 244  
competitive bid or private sale at a price determined by the 245  
board. If bonds or notes of the bank are to be sold by competitive 246  
bid on the best bid, the bank shall advertise for bids in a 247  
newspaper of general circulation in Franklin county, in the manner 248  
and at the time or times determined by the board. Any 249  
advertisement for competitive bids shall state all of the 250  
following pertaining to the bonds or notes: 251

(1) The total or maximum principal amount; 252

(2) The amounts and dates of principal payments, how and by 253  
whom they shall be determined, and any provisions for call or 254  
redemption prior to maturity; 255

(3) The maximum rate or rates of interest if any, any other 256  
limitations on interest or interest rates or the manner of 257  
determining the interest rate or rates, and any maximum permitted 258

<u>discount;</u>	259
<u>(4) The dates of payment of interest;</u>	260
<u>(5) The day, hour, and place for receipt of bids, and the manner in which bids may be presented;</u>	261 262
<u>(6) The basis on which the best bid will be determined, including, with respect to interest cost, the basis for determining interest cost if other than net interest cost determined by computing the interest payable to the stated maturity date or dates, plus any discount or minus any premium bid;</u>	263 264 265 266 267 268
<u>(7) The bid security, if any, as determined by the board, to be submitted with or otherwise provided or evidenced in connection with a bid;</u>	269 270 271
<u>(8) Any other information, or terms of sale determined or confirmed by the board pertinent to the sale.</u>	272 273
<u>(B) A prospective bidder may present a bid for the bonds or notes based upon their bearing interest that does not exceed the maximum rate or rates of interest, if any, specified in the advertisement or request. In connection with its bid, every bidder shall submit or otherwise provide or evidence any bid security in the form and amount specified in the advertisement or request. Any bid security of the best bidder shall be retained or not released pending delivery of the bonds or notes to the best bidder. After the award of the bonds or notes to the best bidder, the board shall return or release any bid security of other bidders.</u>	274 275 276 277 278 279 280 281 282 283
<u>Sec. 134.042. The bank may issue its notes and pay and retire the principal of the notes or pay the interest due thereon or fund or refund the notes from proceeds of bonds or other notes or from other funds or money of the bank available for that purpose in accordance with a contract between the bank and the holders of the</u>	284 285 286 287 288

notes. 289

The bank may purchase bonds or notes of the bank out of its 290  
funds or money available for the purchase of its own bonds and 291  
notes. The bank may hold, cancel, or resell the bonds or notes 292  
subject to, and in accordance with, agreements with holders of its 293  
bonds or notes. Unless canceled, bonds or notes so held shall be 294  
considered to be held for resale or transfer and the obligation 295  
evidenced by the bonds or notes shall not be considered to be 296  
extinguished. 297

A pledge of revenues or other money made by the bank is 298  
binding from the time the pledge is made. Revenues or other money 299  
so pledged and thereafter received by the bank are immediately 300  
subject to the lien of the pledge without any further act, and the 301  
lien of a pledge is binding against all parties having claims of 302  
any kind in tort, contract, or otherwise against the bank, 303  
regardless of whether the parties have notice of the lien. Neither 304  
the resolution authorizing the pledge, nor any other instrument by 305  
which a pledge is created, needs to be filed or recorded except in 306  
the records of the bank. 307

**Sec. 134.05.** (A) If the bank defaults in the payment of 308  
principal or interest on an issue of bonds or notes, whether at 309  
maturity or upon call for redemption, and the default continues 310  
for thirty days, or the bank defaults in an agreement made with 311  
the holders of an issue of bonds or notes, and there is no trustee 312  
under a trust agreement, the holders of twenty-five per cent in 313  
the aggregate principal amount of the outstanding bonds or notes 314  
of that issue, by instrument filed in the office of the county 315  
recorder of Franklin county and executed in the same manner as a 316  
deed to be recorded, may appoint a trustee to represent the 317  
holders of those bonds or notes. The trustee shall, in the 318  
trustee's name, upon written request of the holders of twenty-five 319

per cent in principal amount of the outstanding bonds or notes, do 320  
all of the following: 321

(1) By civil action enforce all rights of the holders, 322  
including the right to require the bank to do both of the 323  
following: 324

(a) Collect rates, charges, and other fees and to collect 325  
interest and principal payments on securities held by it adequate 326  
to carry out an agreement as to, or pledge of, the rates, charges, 327  
and other fees and of the interest and principal payments; 328

(b) Carry out any other agreements with the holders of the 329  
bonds or notes and to perform its duties under this article. 330

(2) Bring a civil action upon the bonds or notes; 331

(3) By civil action require the bank to account as if it were 332  
the trustee of an express trust for the holders of the bonds or 333  
notes; 334

(4) By civil action enjoin anything that may be unlawful or 335  
in violation of the rights of the holders of the bonds or notes; 336

(5) Declare all the bonds or notes due and payable, and if 337  
all defaults are made good, then with the consent of the holders 338  
of twenty-five per cent of the principal amount of the outstanding 339  
bonds or notes annul the declaration and its consequences. Before 340  
declaring the principal of bonds or notes due and payable, the 341  
trustee must first give not less than thirty days notice in 342  
writing to the chairperson of the board and the attorney general. 343

The civil action shall be brought in the court of common 344  
pleas of Franklin county. The trustee has all the powers necessary 345  
for the exercise of functions specifically set out or incident to 346  
the general representation of holders in the enforcement and 347  
protection of their rights. 348

Sec. 134.06. (A) A qualified entity may sell its securities 349  
to the bank at a negotiated, private sale, without limitation as 350  
to denomination, at such price or prices as may be determined by 351  
the bank and the qualified entity. Contracts shall contain the 352  
terms and conditions of the loan or purchase and may be in any 353  
form agreed to by the bank and the qualified entity, including a 354  
customary form of bond ordinance or resolution. Every qualified 355  
entity is authorized and empowered to pay fees and charges 356  
required to be paid to the bank for its services. 357

(B) A qualified entity may assign or sell a lease or purchase 358  
contract for property to the bank, enter into a lease or purchase 359  
contract for property with the bank, or buy property from or sell 360  
property to the bank at any price and under any other terms and 361  
conditions as may be determined by the bank and the qualified 362  
entity. 363

(C) All securities at any time purchased, held, or owned by 364  
the bank shall at all times be purchased and held in the name of 365  
the bank. All securities at any time purchased by the bank, upon 366  
delivery to the bank, shall, unless waived by the board, be 367  
accompanied by all documentation required by the board that shall 368  
include an approving opinion of recognized bond counsel, 369  
certification and guarantee of signatures, and certification as to 370  
no litigation pending as of the date of delivery of the securities 371  
challenging the validity or issuance of such securities. 372

Sec. 134.07. (A) Upon the sale and delivery by a qualified 373  
entity of any securities to the bank, the qualified entity shall 374  
be considered to have agreed that, upon its failure to pay 375  
interest or principal on the securities owned or held by or 376  
arising from an agreement with the bank when payable, all 377  
statutory defenses to nonpayment are waived. 378

If a department or agency of this state is the custodian of 379  
money payable to the qualified entity under chapter 3306. or 380  
sections 321.24, 323.156, 4503.068, 5727.85, 5727.86, 5747.46 to 381  
5747.48, 5747.50 to 5747.53, or 5751.20 to 5751.22 of the Revised 382  
Code, at any time the department or agency shall withhold the 383  
payment of that money from that qualified entity and pay the money 384  
to the bank for the purpose of paying principal of and interest on 385  
bonds of the bank after written notice to the department or agency 386  
head from the bank that the qualified entity is in default on the 387  
payment of principal or interest on the securities of the 388  
qualified entity then held or owned by or arising from an 389  
agreement with the bank. Withholding payment from the qualified 390  
entity and payment to the bank under this division may be done 391  
only if doing so would not adversely affect the validity of the 392  
security in default. 393

(B) A qualified entity that has complied with all statutory 394  
requirements for the issuance of its bonds, in lieu of issuing 395  
bonds at that time and without the need for complying with any 396  
other law applicable to the issuance of bonds, notes, or other 397  
evidences of indebtedness, may issue its notes in anticipation of 398  
the issuance of bonds to the bank, and the bank may purchase the 399  
bond anticipation notes. The bond anticipation notes may be issued 400  
on terms set forth in a resolution authorizing their issuance and 401  
in any amount equal to or less than the amount of bonds authorized 402  
to be issued. The qualified entity may renew or extend the bond 403  
anticipation notes from time to time on terms agreed to with the 404  
bank, and the bank may purchase the renewals or extensions. The 405  
amount of the accrued interest on the date of renewal or extension 406  
may be paid or added to the principal amount of the note being 407  
renewed or extended. The bond anticipation notes of the qualified 408  
entity, including any renewals or extensions, must mature in the 409  
amounts and at the times agreed to by the qualified entity and the 410  
bank, not to exceed five years from the date of the original 411

issuance of the bond anticipation notes. The bond anticipation 412  
notes must be finally paid, and interest on the bond anticipation 413  
notes may be finally paid, with the proceeds of the bonds issued 414  
by the qualified entity. In connection with the issuance of bonds, 415  
part or all of the proceeds of which will be used to retire the 416  
bond anticipation notes, it is not necessary for the qualified 417  
entity to repeat the procedures for the issuance of bonds, as the 418  
procedures followed before the issuance of the bond anticipation 419  
notes are for all purposes sufficient to authorize the issuance of 420  
the bonds. 421

(C) In connection with the purchase of bond anticipation 422  
notes, the bank, by agreement with the qualified entity, may 423  
impose any terms, conditions, and limitations as in its opinion 424  
are proper for the security of the bank and the holders of its 425  
bonds or notes. If the qualified entity fails to comply with the 426  
agreement or to issue its bonds to retire its bond anticipation 427  
notes, the bank may enforce all rights and remedies provided in 428  
the agreement or at law, including an action in mandamus to compel 429  
the issuance of bonds by the qualified entity. 430

**Sec. 134.08.** All property of the bank is public property 431  
devoted exclusively to a public purpose and is exempt from 432  
taxation. 433

All property of the bank is exempt from levy and sale by 434  
virtue of an execution, and no execution or other judicial process 435  
may issue against the property. A judgment against the bank may 436  
not be a charge or lien upon its property. 437

Nothing in this section applies to or limits the rights of 438  
the holder of bonds or notes to pursue a remedy for the 439  
enforcement of a pledge or lien given by the bank on its revenues 440  
or other money. 441

Sec. 134.09. (A) The bank may obtain from a department or 442  
agency of the United States, or a nongovernmental insurer, 443  
insurance or a guaranty for the payment or repayment of interest 444  
or principal, or both, or any part of interest or principal, on 445  
bonds or notes issued by the bank, or on securities purchased or 446  
held by the bank. 447

(B) The treasurer of the state, as chairperson of the board, 448  
is authorized to receive from the United States of America or any 449  
department or agency thereof any amount of money as and when 450  
appropriated, allocated, granted, turned over, or in any way 451  
provided for the purposes of the bank or this chapter, and, unless 452  
otherwise directed by the federal authority, shall be credited to 453  
and deposited in the bank's operating fund. 454

Sec. 134.10. (A) A financial institution may give to the bank 455  
a good and sufficient undertaking with such sureties as are 456  
approved by the bank to the effect that the financial institution 457  
shall faithfully keep and pay over to the order of or upon the 458  
warrant of the bank or its authorized agent all those funds 459  
deposited with it by the bank and agreed interest under or by 460  
reason of this chapter, at such times or upon such demands as may 461  
be agreed with the bank. In lieu of such sureties, a financial 462  
institution may deposit with the bank, its authorized agent, or a 463  
trustee for the holders of bonds, as collateral, those securities 464  
as the board may approve. The deposits of the bank may be 465  
evidenced by an agreement in the form and upon the terms and 466  
conditions that may be agreed upon by the bank and the financial 467  
institution. 468

(B) The board may enter into agreements or contracts with a 469  
financial institution as may be necessary, desirable, or 470  
convenient in the opinion of the board for rendering services in 471  
connection with the care, custody, or safekeeping of securities or 472



other investments held or owned by the bank, for rendering 473  
services in connection with the payment or collection of amounts 474  
payable as to principal or interest, and for rendering services in 475  
connection with the delivery to the bank of securities or other 476  
investments purchased by it or sold by it, and to pay the cost of 477  
those services. The board may also, in connection with any of the 478  
services to be rendered by a financial institution as to the 479  
custody and safekeeping of its securities or investments, require 480  
security in the form of collateral bonds, surety agreements, or 481  
security agreements in such form and amount as, in the opinion of 482  
the board, is necessary or desirable. 483

(C) Bonds and notes issued under this chapter are: 484

(1) Lawful investments for banks, savings and loan 485  
associations, credit union share guaranty corporations, trust 486  
companies, trustees, fiduciaries, insurance companies, including 487  
domestic for life and domestic not for life, trustees or other 488  
officers having charge of sinking and bond retirement or other 489  
funds of the state, subdivisions, and taxing districts, the 490  
commissioners of the sinking fund of the state, the administrator 491  
of workers' compensation, the state teachers, public employees, 492  
and school employees retirement systems, and the Ohio police and 493  
fire pension fund, notwithstanding any other provisions of the 494  
Revised Code or rules adopted pursuant to those provisions by any 495  
agency of this state with respect to investments by them; 496

(2) Eligible as security for the repayment of the deposit of 497  
public moneys. 498

**Section 2.** Appointments to the board of directors created in 499  
section 134.03 of the Revised Code, as enacted by this act, shall 500  
be made not later than thirty days after the effective date of 501  
this act. Notwithstanding that section, of the first three 502  
directors appointed, one shall serve a term of one year, and two 503  
shall serve a term of two years. The board shall elect a vice 504

chairperson and appoint and establish the duties and compensation	505
of a chief executive officer under section 134.031 of the Revised	506
Code within sixty days after the effective date of this act.	507