

As Introduced

**129th General Assembly
Regular Session
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S. B. No. 159

Senators Seitz, Grendell

Cosponsor: Senator Wagoner

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A B I L L

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 certain property to a conduit 4
entity which will enter into a lease-leaseback 5
arrangement with an independent funding source. 6

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

Section 1. That section 3345.55 of the Revised Code be 7
enacted to read as follows: 8

Section 3345.55. (A) As used in this section: 9

(1) "Auxiliary facilities" has the same meaning as in section 10
3345.12 of the Revised Code. 11

(2) "Conduit entity" means an organization described in 12
section 501(c)(3) of the Internal Revenue Code qualified as a 13
public charity under section 509(a)(2) or 509(a)(3) of the 14
Internal Revenue Code, whose corporate purpose allows it to 15
perform the functions and obligations of a conduit entity pursuant 16
to the terms of a financing agreement. 17

(3) "Conveyed property" means auxiliary facilities conveyed 18
by a state institution to a conduit entity pursuant to a financing 19

agreement. 20

(4) "Financing agreement" means a contract described in 21
division (C) of this section. 22

(5) "Independent funding source" means a private entity that 23
enters into a financing agreement with a conduit entity and a 24
state institution. 25

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

(B) The board of trustees of a state institution, with the 28
approval of the chancellor of the Ohio board of regents and the 29
controlling board, may enter into a financing agreement with a 30
conduit entity and an independent funding source selected either 31
through a competitive selection process or by direct negotiations, 32
and may convey to the conduit entity title to any auxiliary 33
facilities owned by the state institution pursuant to the terms of 34
a financing agreement. 35

(C) A financing agreement under this section is a written 36
contract entered into among a state institution, a conduit entity, 37
and an independent funding source that provides for: 38

(1) The conveyance of auxiliary facilities owned by a state 39
institution to the conduit entity for consideration deemed 40
adequate by the state institution; 41

(2) The lease of the conveyed property by the conduit entity 42
to the independent funding source and leaseback of the conveyed 43
property to the conduit entity for a term not to exceed 44
ninety-nine years; 45

(3) Such other terms and conditions that may be negotiated 46
and agreed upon by the parties, including, but not limited to, 47
terms regarding: 48

(a) Payment to the state institution by the conduit entity of 49

revenues received by it from the operations of the conveyed 50
property in excess of the payments it is required to make to the 51
independent funding source under the lease-leaseback arrangement 52
described in division (C)(2) of this section. 53

(b) Pledge, assignment, or creation of a lien in favor of the 54
independent funding source by the conduit entity of any revenues 55
derived from the conveyed property. 56

(c) Reverter or conveyance of title to the conveyed property 57
to the state institution when the conveyed property is no longer 58
subject to a lease with the independent funding source. 59

(4) Terms and conditions required by the chancellor or the 60
controlling board as a condition of approval of the financing 61
agreement. 62

(D) The state institution and the conduit entity may enter 63
into such other management agreements or other contracts regarding 64
the conveyed property the parties deem appropriate, including 65
agreements pursuant to which the state institution may maintain or 66
administer the conveyed property and collect and disburse revenues 67
from the conveyed property on behalf of the conduit entity. 68

(E) The parties may modify or extend the term of the 69
financing agreement with the approval of the chancellor and the 70
controlling board. 71

(F) The conveyed property shall retain its exemption from 72
property taxes and assessments as though title to the conveyed 73
property were held by the state institution during any part of a 74
tax year that title is held by the state institution or the 75
conduit entity and, if held by the conduit entity, remains subject 76
to the lease-leaseback arrangement described in division (C)(2) of 77
this section. However, as a condition of the continued exemption 78
of the conveyed property during the term of the lease-leaseback 79
arrangement the conduit entity shall apply for and maintain the 80

exemption as provided by law. 81

(G) Nothing in this section is intended to abrogate, amend, 82

limit, or replace any existing authority state institutions may 83

have with respect to the conveyance, lease, lease-leaseback, 84

finance, or acquisition of auxiliary facilities including, but not 85

limited to, authority granted under sections 3345.07, 3345.11, and 86

3345.12 of the Revised Code. 87