

**As Introduced**

**129th General Assembly  
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**S. B. No. 292**

**Senators Oelslager, Kearney**

**Cosponsors: Senators Lehner, Brown, Cafaro, Sawyer, Schiavoni, Skindell,  
Tavares, Turner**

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**A B I L L**

To amend sections 122.60, 122.71, 135.03, 135.032, 1  
135.04, 135.06, 135.08, 135.10, 135.14, 135.144, 2  
135.18, 135.32, 135.321, 135.33, 135.35, 135.353, 3  
135.37, 135.51, 135.52, 135.53, 1733.04, 1733.041, 4  
1733.24, 1733.30, 1733.31, 2909.32, and 2909.33 5  
and to enact sections 135.011, 135.031, and 6  
135.322 of the Revised Code to permit credit 7  
unions and farm credit system institutions to 8  
serve as public depositories under certain 9  
circumstances and to participate in the Capital 10  
Access Loan Program and the Small Business Loan 11  
Guarantee Program. 12

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

**Section 1.** That sections 122.60, 122.71, 135.03, 135.032, 13  
135.04, 135.06, 135.08, 135.10, 135.14, 135.144, 135.18, 135.32, 14  
135.321, 135.33, 135.35, 135.353, 135.37, 135.51, 135.52, 135.53, 15  
1733.04, 1733.041, 1733.24, 1733.30, 1733.31, 2909.32, and 2909.33 16  
be amended and sections 135.011, 135.031, and 135.322 of the 17  
Revised Code be enacted to read as follows: 18

Sec. 122.60. As used in sections 122.60 to 122.605 of the Revised Code:

(A) "Capital access loan" means a loan made by a participating financial institution to an eligible business that may be secured by a deposit of money from the fund into the participating financial institution's program reserve account.

(B) "Department" means the department of development.

(C) "Eligible business" means a for-profit business entity, or a nonprofit entity, that had total annual sales in its most recently completed fiscal year of less than ten million dollars and that has a principal place of for-profit business or nonprofit entity activity within the state, the operation of which, alone or in conjunction with other facilities, will create new jobs or preserve existing jobs and employment opportunities and will improve the economic welfare of the people of the state. As used in this division, "new jobs" does not include existing jobs transferred from another facility within the state, and "existing jobs" means only existing jobs at facilities within the same municipal corporation or township in which the project, activity, or enterprise that is the subject of a capital access loan is located.

(D) "Financial institution" means any bank, trust company, savings bank, ~~or~~ savings and loan association, or credit union that is chartered by and has a significant presence in the state, or any national bank, federal savings and loan association, ~~or~~ federal savings bank, or federal credit union that has a significant presence in the state. "Financial institution" also includes a farm credit system institution organized under the federal "Farm Credit Act of 1971," 85 Stat. 583, 12 U.S.C. 2001, as amended, that has a significant presence in the state.

(E) "Fund" means the capital access loan program fund.

(F) "Participating financial institution" means a financial institution that has a valid, current participation agreement with the department.

(G) "Participation agreement" means the agreement between a financial institution and the department under which a financial institution may participate in the program.

(H) "Passive real estate ownership" means the ownership of real estate for the sole purpose of deriving income from it by speculation, trade, or rental.

(I) "Program" means the capital access loan program created under section 122.602 of the Revised Code.

(J) "Program reserve account" means a dedicated account at each participating financial institution that is the property of the state and may be used by the participating financial institution only for the purpose of recovering a claim under section 122.604 of the Revised Code arising from a default on a loan made by the participating financial institution under the program.

**Sec. 122.71.** As used in sections 122.71 to 122.83 of the Revised Code:

(A) "Financial institution" means any banking corporation, trust company, insurance company, savings and loan association, building and loan association, credit union, farm credit system institution organized under the federal "Farm Credit Act of 1971," 85 Stat. 583, 12 U.S.C. 2001, as amended, or corporation, partnership, federal lending agency, foundation, or other institution engaged in lending or investing funds for industrial or business purposes.

(B) "Project" means any real or personal property connected with or being a part of an industrial, distribution, commercial,

or research facility to be acquired, constructed, reconstructed, 80  
enlarged, improved, furnished, or equipped, or any combination 81  
thereof, with the aid provided under sections 122.71 to 122.83 of 82  
the Revised Code, for industrial, commercial, distribution, and 83  
research development of the state. 84

(C) "Mortgage" means the lien imposed on a project by a 85  
mortgage on real property, or by financing statements on personal 86  
property, or a combination of a mortgage and financing statements 87  
when a project consists of both real and personal property. 88

(D) "Mortgagor" means the principal user of a project or the 89  
person, corporation, partnership, or association unconditionally 90  
guaranteeing performance by the principal user of its obligations 91  
under the mortgage. 92

(E)(1) "Minority business enterprise" means an individual who 93  
is a United States citizen and owns and controls a business, or a 94  
partnership, corporation, or joint venture of any kind that is 95  
owned and controlled by United States citizens, which citizen or 96  
citizens are residents of this state and are members of one of the 97  
following economically disadvantaged groups: Blacks or African 98  
Americans, American Indians, Hispanics or Latinos, and Asians. 99

(2) "Owned and controlled" means that at least fifty-one per 100  
cent of the business, including corporate stock if a corporation, 101  
is owned by persons who belong to one or more of the groups set 102  
forth in division (E)(1) of this section, and that those owners 103  
have control over the management and day-to-day operations of the 104  
business and an interest in the capital, assets, and profits and 105  
losses of the business proportionate to their percentage of 106  
ownership. In order to qualify as a minority business enterprise, 107  
a business shall have been owned and controlled by those persons 108  
at least one year prior to being awarded a contract pursuant to 109  
this section. 110

(F) "Community improvement corporation" means a corporation organized under Chapter 1724. of the Revised Code.

(G) "Ohio development corporation" means a corporation organized under Chapter 1726. of the Revised Code.

(H) "Minority contractors business assistance organization" means an entity engaged in the provision of management and technical business assistance to minority business enterprise entrepreneurs.

(I) "Minority business supplier development council" means a nonprofit organization established as an affiliate of the national minority supplier development council.

(J) "Regional economic development entity" means an entity that is under contract with the director of development to administer a loan program under this chapter in a particular area of the state.

(K) "Community development corporation" means a corporation organized under Chapter 1702. of the Revised Code that consists of residents of the community and business and civic leaders and that has as a principal purpose one or more of the following: the revitalization and development of a low- to moderate-income neighborhood or community; the creation of jobs for low- to moderate-income residents; the development of commercial facilities and services; providing training, technical assistance, and financial assistance to small businesses; and planning, developing, or managing low-income housing or other community development activities.

**Sec. 135.011. As used in this chapter:**

(A) "Certificate of deposit" includes a share certificate of a credit union or farm credit system institution.

(B) "Farm credit system institution" means a farm credit

system institution organized under the federal "Farm Credit Act of 1971," 85 Stat. 583, 12 U.S.C. 2001, as amended. 141  
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**Sec. 135.03.** (A) Any national bank, any bank doing business 143  
under authority granted by the superintendent of financial 144  
institutions, or any bank doing business under authority granted 145  
by the regulatory authority of another state of the United States, 146  
located in this state, is eligible to become a public depository, 147  
subject to sections 135.01 to 135.21 of the Revised Code. No bank 148  
shall receive or have on deposit at any one time public moneys, 149  
including public moneys as defined in section 135.31 of the 150  
Revised Code, in an aggregate amount in excess of thirty per cent 151  
of its total assets, as shown in its latest report to the 152  
comptroller of the currency, the superintendent of financial 153  
institutions, the federal deposit insurance corporation, or the 154  
board of governors of the federal reserve system. 155

(B) Any federal savings association, any savings and loan 156  
association or savings bank doing business under authority granted 157  
by the superintendent of financial institutions, or any savings 158  
and loan association or savings bank doing business under 159  
authority granted by the regulatory authority of another state of 160  
the United States, located in this state, and authorized to accept 161  
deposits is eligible to become a public depository, subject to 162  
sections 135.01 to 135.21 of the Revised Code. No savings 163  
association, savings and loan association, or savings bank shall 164  
receive or have on deposit at any one time public moneys, 165  
including public moneys as defined in section 135.31 of the 166  
Revised Code, in an aggregate amount in excess of thirty per cent 167  
of its total assets, as shown in its latest report to the office 168  
of thrift supervision, the superintendent of financial 169  
institutions, the federal deposit insurance corporation, or the 170  
board of governors of the federal reserve system. 171

(C) Any federal credit union, any foreign credit union licensed pursuant to section 1733.39 of the Revised Code, or any credit union as defined in section 1733.01 of the Revised Code, located in this state, is eligible to become a public depository, subject to sections 135.01 to 135.21 of the Revised Code. No credit union shall receive or have on deposit at any one time public moneys, including public moneys as defined in section 135.31 of the Revised Code, in an aggregate amount in excess of thirty per cent of its total assets, as shown in its latest report to the superintendent of financial institutions or the national credit union administration.

(D) Any farm credit system institution that has a significant presence in the state is eligible to become a public depository, subject to sections 135.01 to 135.21 of the Revised Code. No farm credit system institution shall receive or have on deposit at any one time public moneys, including public moneys as defined in section 135.31 of the Revised Code, in an aggregate amount in excess of thirty per cent of its total assets, as shown in its latest report to the federal farm credit administration.

**Sec. 135.031.** (A) Except as otherwise provided in division (B) of this section, an officer, employee, or agent of the state or of a subdivision shall not deposit public moneys in a credit union referred to in division (C) of section 135.03 of the Revised Code, or a farm credit system institution referred to in division (D) of that section, unless the funds are being placed with the credit union or institution for purposes of a linked deposit program established pursuant to this chapter and both of the following conditions are met:

(1) The credit union or institution obtains insurance for the protection of the deposit from the national credit union association, a share guaranty corporation as defined in section

1761.01 of the Revised Code, or the farm credit system insurance 203  
corporation, as applicable. 204

(2) The credit union or institution pledges securities for 205  
the repayment of the deposit in accordance with section 135.18 of 206  
the Revised Code. 207

(B) An officer, employee, or agent of a subdivision may 208  
deposit public moneys in such a credit union or farm credit system 209  
institution other than for purposes of a linked deposit program 210  
established under this chapter if both of the following conditions 211  
are met: 212

(1) The credit union or institution obtains insurance for the 213  
protection of the deposit from the national credit union 214  
association, a share guaranty corporation as defined in section 215  
1761.01 of the Revised Code, or the farm credit system insurance 216  
corporation, as applicable. 217

(2) The total amount the subdivision will have on deposit 218  
with the credit union or institution does not exceed the amount 219  
insured. 220

(C) Nothing in this section shall be construed as restricting 221  
the participation of such a credit union or farm credit system 222  
institution in the capital access loan program under sections 223  
122.60 to 122.605 of the Revised Code. 224

**Sec. 135.032.** No bank or savings and loan association, 225  
credit union, or farm credit system institution is eligible to 226  
become a public depository or to receive any new public deposits 227  
pursuant to sections 135.01 to 135.21 of the Revised Code, if: 228

(A) In the case of a bank, the bank or any of its directors, 229  
officers, employees, or controlling shareholders is currently a 230  
party to an active final or temporary cease-and-desist order 231  
issued under section 1121.32 of the Revised Code; 232



(B) In the case of an association, the association or any of its directors, officers, employees, or controlling persons is currently a party to an active final or summary cease-and-desist order issued under section 1155.02 of the Revised Code;

(C) In the case of a credit union, the credit union or any of its regulated individuals as defined in section 1733.01 of the Revised Code is currently a party to an active final or summary cease-and-desist order issued under section 1733.324 of the Revised Code;

(D) In the case of a farm credit system institution, the farm credit institution or any of its directors, officers, employees, agents, or other persons participating in the institution's affairs is currently a party to an active final or temporary cease-and-desist order issued by the federal farm credit administration.

**Sec. 135.04.** (A) Any institution mentioned in section 135.03 of the Revised Code is eligible to become a public depository of the active deposits, inactive deposits, and interim deposits of public moneys of the state subject to the requirements of sections 135.01 to 135.21 of the Revised Code.

(B) To facilitate the clearance of state warrants to the state treasury, the state board of deposit may delegate the authority to the treasurer of state to establish warrant clearance accounts in any institution mentioned in section 135.03 of the Revised Code located in areas where the volume of warrant clearances justifies the establishment of an account as determined by the treasurer of state. The balances maintained in such warrant clearance accounts shall be at sufficient levels to cover the activity generated by such accounts on an individual basis. Any financial institution in the state that has a warrant clearance account established by the treasurer of state shall, not more than

ten days after the close of each quarter, prepare and transmit to 264  
the treasurer of state an analysis statement of such account for 265  
the quarter then ended. Such statement shall contain such 266  
information as determined by the state board of deposit, and this 267  
information shall be used in whole or in part by the treasurer of 268  
state in determining the level of balances to be maintained in 269  
such accounts. 270

(C) Each governing board shall award the active deposits of 271  
public moneys subject to its control to the eligible institutions 272  
in accordance with this section, except that no such public 273  
depository shall thereby be required to take or permitted to 274  
receive and have at any one time a greater amount of active 275  
deposits of such public moneys than that specified in the 276  
application of such depository. When, by reason of such limitation 277  
or otherwise, the amount of active public moneys deposited or to 278  
be deposited in a public depository, pursuant to an award made 279  
under this section, is reduced or withdrawn, as the case requires, 280  
the amount of such reduction or the sum so withdrawn shall be 281  
deposited in another eligible institution applying therefor, or if 282  
there is no such eligible institution, then the amount so withheld 283  
or withdrawn shall be awarded or deposited for the remainder of 284  
the period of designation in accordance with sections 135.01 to 285  
135.21 of the Revised Code. 286

(D) Any institution mentioned in section 135.03 of the 287  
Revised Code is eligible to become a public depository of the 288  
inactive and interim deposits of public moneys of a subdivision. 289  
In case the aggregate amount of inactive or interim deposits 290  
applied for by such eligible institutions is less than the 291  
aggregate maximum amount of such inactive or interim deposits as 292  
estimated to be deposited pursuant to sections 135.01 to 135.21 of 293  
the Revised Code, the governing board of the subdivision may 294  
designate as a public depository of the inactive or interim 295

deposits of the public moneys thereof, one or more institutions of 296  
a kind mentioned in section 135.03 of the Revised Code, subject to 297  
the requirements of sections 135.01 to 135.21 of the Revised Code. 298

(E) Any institution mentioned in section 135.03 of the 299  
Revised Code is eligible to become a public depository of the 300  
active deposits of public moneys of a subdivision. In case the 301  
aggregate amount of active deposits of the public moneys of the 302  
subdivision applied for by such eligible institutions is less than 303  
the aggregate maximum amount to be deposited as such, as estimated 304  
by the governing board, said board may designate as a public 305  
depository of the active deposits of the public moneys of the 306  
subdivision, one or more institutions of the kind mentioned in 307  
section 135.03 of the Revised Code, subject to the requirements of 308  
sections 135.01 to 135.21 of the Revised Code. 309

(F)(1) The governing board of the state or of a subdivision 310  
may designate one or more minority banks or minority credit unions 311  
as public depositories of its inactive, interim, or active 312  
deposits of public moneys designated as federal funds. Except for 313  
section 135.18 or 135.181 of the Revised Code, ~~Chapter 135. of the~~ 314  
~~Revised Code~~ this chapter does not apply to the application for, 315  
or the award of, such deposits. As used in this division, 316  
"minority bank" or "minority credit union" means, as applicable, a 317  
bank or credit union operating in this state that is owned or 318  
controlled by one or more socially or economically disadvantaged 319  
persons. Such disadvantage may arise from cultural, ethnic, or 320  
racial background, chronic economic circumstances, or other 321  
similar cause. Such persons include, but are not limited to, 322  
Afro-Americans, Puerto Ricans, Spanish-speaking Americans, and 323  
American Indians. 324

(2) In enacting this division, the general assembly finds 325  
that: 326

(a) Certain commercial banks and credit unions are owned or 327

controlled by minority Americans; 328

(b) Minority banks and minority credit unions are an 329  
important source of banking services in their communities; 330

(c) Minority banks and minority credit unions have been 331  
unsuccessful in competing under ~~Chapter 135. of the Revised Code~~ 332  
this chapter for the award of federal funds; 333

(d) This division contains safeguards for the protection of 334  
the general public and the banking industry, since it provides the 335  
governing board of the state or political subdivision with 336  
permissive authority in the award of deposits; limits the 337  
authority of the governing board to the award of federal funds; 338  
and subjects minority banks and minority credit unions to certain 339  
limitations of ~~Chapter 135. of the Revised Code~~ this chapter, 340  
including the requirement that, as in the case of every financial 341  
institution subject to ~~Chapter 135. of the Revised Code~~ this 342  
chapter, a minority bank or minority credit union pledge certain 343  
securities for repayment of the deposits. 344

(3) The purpose of this division is to recognize that the 345  
state has a substantial and compelling interest in encouraging the 346  
establishment, development, and stability of minority banks and 347  
minority credit unions by facilitating their access to the award 348  
of federal funds, while ensuring the protection of the general 349  
public and the banking industry. 350

(G) The governing board of a subdivision shall award the 351  
first twenty-five thousand dollars of the active deposits of 352  
public moneys subject to its control to the eligible institution 353  
or institutions applying or qualifying therefor on the basis of 354  
the operating needs of the subdivision and shall award the active 355  
deposits of public moneys subject to its control in excess of 356  
twenty-five thousand dollars to the eligible institution or 357  
institutions applying or qualifying therefor. 358

Sec. 135.06. Each eligible institution desiring to be a 359  
public depository of the inactive deposits of the public moneys of 360  
the state or of the inactive deposits of the public moneys of the 361  
subdivision shall, not more than thirty days prior to the date 362  
fixed by section 135.12 of the Revised Code for the designation of 363  
such public depositories, make application therefor in writing to 364  
the proper governing board. Such application shall specify the 365  
maximum amount of such public moneys which the applicant desires 366  
to receive and have on deposit as an inactive deposit at any one 367  
time during the period covered by the designation, provided that 368  
it shall not apply for more than thirty per cent of its total 369  
assets as revealed by its latest report to the superintendent of 370  
financial institutions, the comptroller of the currency, the 371  
office of thrift supervision, the federal deposit insurance 372  
corporation, ~~or~~ the board of governors of the federal reserve 373  
system, the national credit union administration, or the federal 374  
farm credit administration, and the rate of interest which the 375  
applicant will pay thereon, subject to the limitations of sections 376  
135.01 to 135.21 of the Revised Code. Each application shall be 377  
accompanied by a financial statement of the applicant, under oath 378  
of its cashier, treasurer, or other officer, in such detail as to 379  
show the capital funds of the applicant, as of the date of its 380  
latest report to the superintendent of financial institutions, the 381  
comptroller of the currency, the office of thrift supervision, the 382  
federal deposit insurance corporation, ~~or~~ the board of governors 383  
of the federal reserve system, the national credit union 384  
administration, or the federal farm credit administration, and 385  
adjusted to show any changes therein made prior to the date of the 386  
application. Such application may be combined with an application 387  
for designation as a public depository of active deposits, interim 388  
deposits, or both. 389

Sec. 135.08. Each eligible institution desiring to be a 390  
public depository of interim deposits of the public moneys of the 391  
state or of the interim deposits of the public moneys of the 392  
subdivision shall, not more than thirty days prior to the date 393  
fixed by section 135.12 of the Revised Code for the designation of 394  
public depositories, make application therefor in writing to the 395  
proper governing board. Such application shall specify the maximum 396  
amount of such public moneys which the applicant desires to 397  
receive and have on deposit as interim deposits at any one time 398  
during the period covered by the designation, provided that it 399  
shall not apply for more than thirty per cent of its total assets 400  
as revealed by its latest report to the superintendent of 401  
financial institutions, the comptroller of the currency, the 402  
office of thrift supervision, the federal deposit insurance 403  
corporation, ~~or~~ the board of governors of the federal reserve 404  
system, the national credit union administration, or the federal 405  
farm credit administration, and the rate of interest which the 406  
applicant will pay thereon, subject to the limitations of sections 407  
135.01 to 135.21 of the Revised Code. 408

Each application shall be accompanied by a financial 409  
statement of the applicant, under oath of its cashier, treasurer, 410  
or other officer, in such detail as to show the capital funds of 411  
the applicant, as of the date of its latest report to the 412  
superintendent of financial institutions, the comptroller of the 413  
currency, the office of thrift supervision, the federal deposit 414  
insurance corporation, ~~or~~ the board of governors of the federal 415  
reserve system, the national credit union administration, or the 416  
federal farm credit administration, and adjusted to show any 417  
changes therein made prior to the date of the application. Such 418  
application may be combined with an application for designation as 419  
a public depository of inactive deposits, active deposits, or 420  
both. 421

**Sec. 135.10.** Each eligible institution desiring to be a 422  
public depository of the active deposits of the public moneys of 423  
the state or of a subdivision shall, not more than thirty days 424  
prior to the date fixed by section 135.12 of the Revised Code for 425  
the designation of such public depositories, make application 426  
~~therefor~~ therefore in writing to the proper governing board. If 427  
desired, such application may specify the maximum amount of such 428  
public moneys which the applicant desires to receive and have on 429  
deposit at any one time during the period covered by the 430  
designation. Each application shall be accompanied by a financial 431  
statement of the applicant, under oath of its cashier, treasurer, 432  
or other officer, in such detail as to show the capital funds of 433  
the applicant, as of the date of its latest report to the 434  
superintendent of ~~banks or~~ financial institutions, the comptroller 435  
of the currency, the office of thrift supervision, the national 436  
credit union administration, or the federal farm credit 437  
administration, and adjusted to show any changes therein prior to 438  
the date of the application. Such application may be combined with 439  
an application for designation as a public depository of inactive 440  
deposits, interim deposits, or both. 441

**Sec. 135.14.** (A) As used in this section: 442

(1) "Treasurer" does not include the treasurer of state, and 443  
"governing board" does not include the state board of deposit. 444

(2) "Other obligations" includes notes whether or not issued 445  
in anticipation of the issuance of bonds. 446

(B) The treasurer or governing board may invest or deposit 447  
any part or all of the interim moneys. The following 448  
classifications of obligations shall be eligible for such 449  
investment or deposit: 450

(1) United States treasury bills, notes, bonds, or any other 451

obligation or security issued by the United States treasury or any 452  
other obligation guaranteed as to principal and interest by the 453  
United States. 454

Nothing in the classification of eligible obligations set 455  
forth in division (B)(1) of this section or in the classifications 456  
of eligible obligations set forth in divisions (B)(2) to (7) of 457  
this section shall be construed to authorize any investment in 458  
stripped principal or interest obligations of such eligible 459  
obligations. 460

(2) Bonds, notes, debentures, or any other obligations or 461  
securities issued by any federal government agency or 462  
instrumentality, including but not limited to, the federal 463  
national mortgage association, federal home loan bank, federal 464  
farm credit bank, federal home loan mortgage corporation, 465  
government national mortgage association, and student loan 466  
marketing association. All federal agency securities shall be 467  
direct issuances of federal government agencies or 468  
instrumentalities. 469

(3) Interim deposits in the eligible institutions applying 470  
for interim moneys as provided in section 135.08 of the Revised 471  
Code. The award of interim deposits shall be made in accordance 472  
with section 135.09 of the Revised Code and the treasurer or the 473  
governing board shall determine the periods for which such interim 474  
deposits are to be made and shall award such interim deposits for 475  
such periods, provided that any eligible institution receiving an 476  
interim deposit award may, upon notification that the award has 477  
been made, decline to accept the interim deposit in which event 478  
the award shall be made as though the institution had not applied 479  
for such interim deposit. 480

(4) Bonds and other obligations of this state; 481

(5) No-load money market mutual funds consisting exclusively 482



of obligations described in division (B)(1) or (2) of this section 483  
and repurchase agreements secured by such obligations, provided 484  
that investments in securities described in this division are made 485  
only through eligible institutions mentioned in section 135.03 of 486  
the Revised Code; 487

(6) The Ohio subdivision's fund as provided in section 135.45 488  
of the Revised Code; 489

(7) Up to twenty-five per cent of interim moneys available 490  
for investment in either of the following: 491

(a) Commercial paper notes issued by an entity that is 492  
defined in division (D) of section 1705.01 of the Revised Code and 493  
that has assets exceeding five hundred million dollars, to which 494  
notes all of the following apply: 495

(i) The notes are rated at the time of purchase in the 496  
highest classification established by at least two nationally 497  
recognized standard rating services. 498

(ii) The aggregate value of the notes does not exceed ten per 499  
cent of the aggregate value of the outstanding commercial paper of 500  
the issuing corporation. 501

(iii) The notes mature not later than one hundred eighty days 502  
after purchase. 503

(b) Bankers acceptances of banks that are insured by the 504  
federal deposit insurance corporation and to which both of the 505  
following apply: 506

(i) The obligations are eligible for purchase by the federal 507  
reserve system. 508

(ii) The obligations mature not later than one hundred eighty 509  
days after purchase. 510

No investment shall be made pursuant to division (B)(7) of 511  
this section unless the treasurer or governing board has completed 512

additional training for making the investments authorized by 513  
division (B)(7) of this section. The type and amount of additional 514  
training shall be approved by the auditor of state and may be 515  
conducted by or provided under the supervision of the auditor of 516  
state. 517

(C) Nothing in the classifications of eligible obligations 518  
set forth in divisions (B)(1) to (7) of this section shall be 519  
construed to authorize any investment in a derivative, and no 520  
treasurer or governing board shall invest in a derivative. For 521  
purposes of this division, "derivative" means a financial 522  
instrument or contract or obligation whose value or return is 523  
based upon or linked to another asset or index, or both, separate 524  
from the financial instrument, contract, or obligation itself. Any 525  
security, obligation, trust account, or other instrument that is 526  
created from an issue of the United States treasury or is created 527  
from an obligation of a federal agency or instrumentality or is 528  
created from both is considered a derivative instrument. An 529  
eligible investment described in this section with a variable 530  
interest rate payment, based upon a single interest payment or 531  
single index comprised of other eligible investments provided for 532  
in division (B)(1) or (2) of this section, is not a derivative, 533  
provided that such variable rate investment has a maximum maturity 534  
of two years. 535

(D) Except as provided in division (E) of this section, any 536  
investment made pursuant to this section must mature within five 537  
years from the date of settlement, unless the investment is 538  
matched to a specific obligation or debt of the subdivision. 539

(E) The treasurer or governing board may also enter into a 540  
written repurchase agreement with any eligible institution 541  
mentioned in section 135.03 of the Revised Code or any eligible 542  
dealer pursuant to division (M) of this section, under the terms 543  
of which agreement the treasurer or governing board purchases, and 544

such institution or dealer agrees unconditionally to repurchase 545  
any of the securities listed in divisions (B)(1) to (5), except 546  
letters of credit described in division (B)(2), of section 135.18 547  
of the Revised Code. The market value of securities subject to an 548  
overnight written repurchase agreement must exceed the principal 549  
value of the overnight written repurchase agreement by at least 550  
two per cent. A written repurchase agreement shall not exceed 551  
thirty days and the market value of securities subject to a 552  
written repurchase agreement must exceed the principal value of 553  
the written repurchase agreement by at least two per cent and be 554  
marked to market daily. All securities purchased pursuant to this 555  
division shall be delivered into the custody of the treasurer or 556  
governing board or an agent designated by the treasurer or 557  
governing board. A written repurchase agreement with an eligible 558  
securities dealer shall be transacted on a delivery versus payment 559  
basis. The agreement shall contain the requirement that for each 560  
transaction pursuant to the agreement the participating 561  
institution or dealer shall provide all of the following 562  
information: 563

(1) The par value of the securities; 564

(2) The type, rate, and maturity date of the securities; 565

(3) A numerical identifier generally accepted in the 566  
securities industry that designates the securities. 567

No treasurer or governing board shall enter into a written 568  
repurchase agreement under the terms of which the treasurer or 569  
governing board agrees to sell securities owned by the subdivision 570  
to a purchaser and agrees with that purchaser to unconditionally 571  
repurchase those securities. 572

(F) No treasurer or governing board shall make an investment 573  
under this section, unless the treasurer or governing board, at 574  
the time of making the investment, reasonably expects that the 575

investment can be held until its maturity. 576

(G) No treasurer or governing board shall pay interim moneys 577  
into a fund established by another subdivision, treasurer, 578  
governing board, or investing authority, if that fund was 579  
established for the purpose of investing the public moneys of 580  
other subdivisions. This division does not apply to the payment of 581  
public moneys into either of the following: 582

(1) The Ohio subdivision's fund pursuant to division (B)(6) 583  
of this section; 584

(2) A fund created solely for the purpose of acquiring, 585  
constructing, owning, leasing, or operating municipal utilities 586  
pursuant to the authority provided under section 715.02 of the 587  
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 588

For purposes of division (G) of this section, "subdivision" 589  
includes a county. 590

(H) The use of leverage, in which the treasurer or governing 591  
board uses its current investment assets as collateral for the 592  
purpose of purchasing other assets, is prohibited. The issuance of 593  
taxable notes for the purpose of arbitrage is prohibited. 594  
Contracting to sell securities that have not yet been acquired by 595  
the treasurer or governing board, for the purpose of purchasing 596  
such securities on the speculation that bond prices will decline, 597  
is prohibited. 598

(I) Whenever, during a period of designation, the treasurer 599  
classifies public moneys as interim moneys, the treasurer shall 600  
notify the governing board of such action. The notification shall 601  
be given within thirty days after such classification and in the 602  
event the governing board does not concur in such classification 603  
or in the investments or deposits made under this section, the 604  
governing board may order the treasurer to sell or liquidate any 605  
of such investments or deposits, and any such order shall 606

specifically describe the investments or deposits and fix the date 607  
upon which they are to be sold or liquidated. Investments or 608  
deposits so ordered to be sold or liquidated shall be sold or 609  
liquidated for cash by the treasurer on the date fixed in such 610  
order at the then current market price. Neither the treasurer nor 611  
the members of the board shall be held accountable for any loss 612  
occasioned by sales or liquidations of investments or deposits at 613  
prices lower than their cost. Any loss or expense incurred in 614  
making such sales or liquidations is payable as other expenses of 615  
the treasurer's office. 616

(J) If any investments or deposits purchased under the 617  
authority of this section are issuable to a designated payee or to 618  
the order of a designated payee, the name of the treasurer and the 619  
title of the treasurer's office shall be so designated. If any 620  
such securities are registrable either as to principal or 621  
interest, or both, then such securities shall be registered in the 622  
name of the treasurer as such. 623

(K) The treasurer is responsible for the safekeeping of all 624  
documents evidencing a deposit or investment acquired by the 625  
treasurer under this section. Any securities may be deposited for 626  
safekeeping with a qualified trustee as provided in section 135.18 627  
of the Revised Code, except the delivery of securities acquired 628  
under any repurchase agreement under this section shall be made to 629  
a qualified trustee, provided, however, that the qualified trustee 630  
shall be required to report to the treasurer, governing board, 631  
auditor of state, or an authorized outside auditor at any time 632  
upon request as to the identity, market value, and location of the 633  
document evidencing each security, and that if the participating 634  
institution is a designated depository of the subdivision for the 635  
current period of designation, the securities that are the subject 636  
of the repurchase agreement may be delivered to the treasurer or 637  
held in trust by the participating institution on behalf of the 638

subdivision. Interest earned on any investments or deposits 639  
authorized by this section shall be collected by the treasurer and 640  
credited by the treasurer to the proper fund of the subdivision. 641

Upon the expiration of the term of office of a treasurer or 642  
in the event of a vacancy in the office of treasurer by reason of 643  
death, resignation, removal from office, or otherwise, the 644  
treasurer or the treasurer's legal representative shall transfer 645  
and deliver to the treasurer's successor all documents evidencing 646  
a deposit or investment held by the treasurer. For the investments 647  
and deposits so transferred and delivered, such treasurer shall be 648  
credited with and the treasurer's successor shall be charged with 649  
the amount of money held in such investments and deposits. 650

(L) Whenever investments or deposits acquired under this 651  
section mature and become due and payable, the treasurer shall 652  
present them for payment according to their tenor, and shall 653  
collect the moneys payable thereon. The moneys so collected shall 654  
be treated as public moneys subject to sections 135.01 to 135.21 655  
of the Revised Code. 656

(M)(1) All investments, except for investments in securities 657  
described in divisions (B)(5) and (6) of this section and for 658  
investments by a municipal corporation in the issues of such 659  
municipal corporation, shall be made only through a member of the 660  
national association of securities dealers, through a bank, 661  
savings bank, ~~or~~ savings and loan association, or credit union 662  
regulated by the superintendent of financial institutions, or 663  
through an institution regulated by the comptroller of the 664  
currency, the federal deposit insurance corporation, ~~or~~ the board 665  
of governors of the federal reserve system, the national credit 666  
union administration, or the federal farm credit administration. 667

(2) Payment for investments shall be made only upon the 668  
delivery of securities representing such investments to the 669  
treasurer, governing board, or qualified trustee. If the 670

securities transferred are not represented by a certificate, 671  
payment shall be made only upon receipt of confirmation of 672  
transfer from the custodian by the treasurer, governing board, or 673  
qualified trustee. 674

(N) In making investments authorized by this section, a 675  
treasurer or governing board may retain the services of an 676  
investment advisor, provided the advisor is licensed by the 677  
division of securities under section 1707.141 of the Revised Code 678  
or is registered with the securities and exchange commission, and 679  
possesses experience in public funds investment management, 680  
specifically in the area of state and local government investment 681  
portfolios, or the advisor is an eligible institution mentioned in 682  
section 135.03 of the Revised Code. 683

(O)(1) Except as otherwise provided in divisions (O)(2) and 684  
(3) of this section, no treasurer or governing board shall make an 685  
investment or deposit under this section, unless there is on file 686  
with the auditor of state a written investment policy approved by 687  
the treasurer or governing board. The policy shall require that 688  
all entities conducting investment business with the treasurer or 689  
governing board shall sign the investment policy of that 690  
subdivision. All brokers, dealers, and financial institutions, 691  
described in division (M)(1) of this section, initiating 692  
transactions with the treasurer or governing board by giving 693  
advice or making investment recommendations shall sign the 694  
treasurer's or governing board's investment policy thereby 695  
acknowledging their agreement to abide by the policy's contents. 696  
All brokers, dealers, and financial institutions, described in 697  
division (M)(1) of this section, executing transactions initiated 698  
by the treasurer or governing board, having read the policy's 699  
contents, shall sign the investment policy thereby acknowledging 700  
their comprehension and receipt. 701

(2) If a written investment policy described in division 702

(O)(1) of this section is not filed on behalf of the subdivision 703  
with the auditor of state, the treasurer or governing board of 704  
that subdivision shall invest the subdivision's interim moneys 705  
only in interim deposits pursuant to division (B)(3) of this 706  
section, no-load money market mutual funds pursuant to division 707  
(B)(5) of this section, or the Ohio subdivision's fund pursuant to 708  
division (B)(6) of this section. 709

(3) Divisions (O)(1) and (2) of this section do not apply to 710  
a treasurer or governing board of a subdivision whose average 711  
annual portfolio of investments held pursuant to this section is 712  
one hundred thousand dollars or less, provided that the treasurer 713  
or governing board certifies, on a form prescribed by the auditor 714  
of state, that the treasurer or governing board will comply and is 715  
in compliance with the provisions of sections 135.01 to 135.21 of 716  
the Revised Code. 717

(P) A treasurer or governing board may enter into a written 718  
investment or deposit agreement that includes a provision under 719  
which the parties agree to submit to nonbinding arbitration to 720  
settle any controversy that may arise out of the agreement, 721  
including any controversy pertaining to losses of public moneys 722  
resulting from investment or deposit. The arbitration provision 723  
shall be set forth entirely in the agreement, and the agreement 724  
shall include a conspicuous notice to the parties that any party 725  
to the arbitration may apply to the court of common pleas of the 726  
county in which the arbitration was held for an order to vacate, 727  
modify, or correct the award. Any such party may also apply to the 728  
court for an order to change venue to a court of common pleas 729  
located more than one hundred miles from the county in which the 730  
treasurer or governing board is located. 731

For purposes of this division, "investment or deposit 732  
agreement" means any agreement between a treasurer or governing 733  
board and a person, under which agreement the person agrees to 734



invest, deposit, or otherwise manage a subdivision's interim 735  
moneys on behalf of the treasurer or governing board, or agrees to 736  
provide investment advice to the treasurer or governing board. 737

(Q) An investment made by the treasurer or governing board 738  
pursuant to this section prior to September 27, 1996, that was a 739  
legal investment under the law as it existed before September 27, 740  
1996, may be held until maturity, or if the investment does not 741  
have a maturity date, it may be held until five years from 742  
September 27, 1996, regardless of whether the investment would 743  
qualify as a legal investment under the terms of this section as 744  
amended. 745

**Sec. 135.144.** (A) In addition to the authority provided in 746  
section 135.14 or 135.143 of the Revised Code, the treasurer of 747  
state or the treasurer or governing board of a political 748  
subdivision may invest interim moneys in certificates of deposit 749  
in accordance with all of the following: 750

(1) The interim moneys initially are deposited with an 751  
eligible public depository described in section 135.03 of the 752  
Revised Code and selected, pursuant to section 135.12 of the 753  
Revised Code, by the treasurer of state or the treasurer or 754  
governing board of a political subdivision, for interim moneys of 755  
the state or of the political subdivision. 756

(2) For the treasurer of state or the treasurer or governing 757  
board of the political subdivision depositing the interim moneys 758  
pursuant to division (A)(1) of this section, the eligible public 759  
depository selected pursuant to that division invests the interim 760  
moneys in certificates of deposit of one or more federally insured 761  
banks, savings banks, or savings and loan associations, credit 762  
unions insured pursuant to section 1733.041 of the Revised Code, 763  
or farm credit system institutions, wherever located. The full 764  
amount of principal and any accrued interest of each certificate 765

of deposit invested in pursuant to division (A)(2) of this section 766  
shall be insured by federal deposit insurance, by the national 767  
credit union administration or a share guaranty corporation as 768  
defined in section 1761.01 of the Revised Code, or by the farm 769  
credit system insurance corporation, as applicable. 770

(3) For the treasurer of state or the treasurer or governing 771  
board of the political subdivision depositing the interim moneys 772  
pursuant to division (A)(1) of this section, the eligible public 773  
depository selected pursuant to that division acts as custodian of 774  
the certificates of deposit described in division (A)(2) of this 775  
section. 776

(4) On the same date the public moneys are redeposited by the 777  
public depository, the public depository may, in its sole 778  
discretion, choose whether to receive deposits, in any amount, 779  
from other banks, savings banks, or savings and loan associations. 780

(5) The public depository provides to the treasurer of state 781  
or the treasurer or governing board of a political subdivision a 782  
monthly account statement that includes the amount of its funds 783  
deposited and held at each bank, savings bank, ~~or~~ savings and loan 784  
association, credit union, or farm credit system institution for 785  
which the public depository acts as a custodian pursuant to this 786  
section. 787

(B) Interim moneys deposited or invested in accordance with 788  
division (A) of this section are not subject to any pledging 789  
requirements described in section 135.18 or 135.181 of the Revised 790  
Code. 791

**Sec. 135.18.** (A) The treasurer, before making the initial 792  
deposit in a public depository pursuant to an award made under 793  
sections 135.01 to 135.21 of the Revised Code, except as provided 794  
in section 135.144 or 135.145 of the Revised Code, shall require 795  
the institution designated as a public depository to pledge to and 796

deposit with the treasurer, as security for the repayment of all 797  
public moneys to be deposited in the public depository during the 798  
period of designation pursuant to the award, eligible securities 799  
of aggregate market value equal to the excess of the amount of 800  
public moneys to be at the time so deposited, over and above the 801  
portion or amount of such moneys as is at that time insured by the 802  
federal deposit insurance corporation ~~or by~~, any other agency or 803  
instrumentality of the federal government, a credit union share 804  
guaranty corporation as defined in section 1761.01 of the Revised 805  
Code, or the farm credit system insurance corporation. In the case 806  
of any deposit other than the initial deposit made during the 807  
period of designation, the amount of the aggregate market value of 808  
securities required to be pledged and deposited shall be equal to 809  
the difference between the amount of public moneys on deposit in 810  
such public depository plus the amount to be so deposited, minus 811  
the portion or amount of the aggregate as is at the time insured 812  
as provided in this section. The treasurer may require additional 813  
eligible securities to be deposited to provide for any 814  
depreciation which may occur in the market value of any of the 815  
securities so deposited. 816

(B) The following securities shall be eligible for the 817  
purposes of this section: 818

(1) Bonds, notes, or other obligations of the United States; 819  
or bonds, notes, or other obligations guaranteed as to principal 820  
and interest by the United States or those for which the faith of 821  
the United States is pledged for the payment of principal and 822  
interest thereon, by language appearing in the instrument 823  
specifically providing such guarantee or pledge and not merely by 824  
interpretation or otherwise; 825

(2) Bonds, notes, debentures, letters of credit, or other 826  
obligations or securities issued by any federal government agency 827  
or instrumentality, or the export-import bank of Washington; 828

bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by interpretation or otherwise and not by language appearing in the instrument specifically providing such guarantee or pledge;

(3) Obligations of or fully insured or fully guaranteed by the United States or any federal government agency or instrumentality;

(4) Obligations partially insured or partially guaranteed by any federal agency or instrumentality;

(5) Obligations of or fully guaranteed by the federal national mortgage association, federal home loan mortgage corporation, federal farm credit bank, or student loan marketing association;

(6) Bonds and other obligations of this state;

(7) Bonds and other obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of this state, which is not at the 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 859  
the state and authorized to issue surety bonds in this state 860  
pursuant to Chapter 3929. of the Revised Code, and qualified to 861  
provide surety bonds to the federal government pursuant to 96 862  
Stat. 1047 (1982), 31 U.S.C.A. 9304; 863

(11) Bonds or other obligations of any county, municipal 864  
corporation, or other legally constituted taxing subdivision of 865  
another state of the United States, or of any instrumentality of 866  
such county, municipal corporation, or other taxing subdivision, 867  
for which the full faith and credit of the issuer is pledged and, 868  
at the time of purchase of the bonds or other obligations, rated 869  
in one of the two highest categories by at least one nationally 870  
recognized standard rating service. 871

(C) If the public depository fails to pay over any part of 872  
the public deposit made therein as provided by law, the treasurer 873  
shall sell at public sale any of the bonds or other securities 874  
deposited with the treasurer pursuant to this section or section 875  
131.09 of the Revised Code, or shall draw on any letter of credit 876  
to the extent of the failure to pay. Thirty days' notice of the 877  
sale shall be given in a newspaper of general circulation at 878  
Columbus, in the case of the treasurer of state, and at the county 879  
seat of the county in which the office of the treasurer is 880  
located, in the case of any other treasurer. When a sale of bonds 881  
or other securities has been so made and upon payment to the 882  
treasurer of the purchase money, the treasurer shall transfer such 883  
bonds or securities whereupon the absolute ownership of such bonds 884  
or securities shall pass to the purchasers. Any surplus remaining 885  
after deducting the amount due the state or subdivision and 886  
expenses of sale shall be paid to the public depository. 887

(D) An institution designated as a public depository may, by 888  
written notice to the treasurer, designate a qualified trustee and 889  
deposit the eligible securities required by this section with the 890

trustee for safekeeping for the account of the treasurer and the 891  
institution as a public depository, as their respective rights to 892  
and interests in such securities under this section may appear and 893  
be asserted by written notice to or demand upon the trustee. In 894  
which case, the treasurer shall accept the written receipt of the 895  
trustee describing the securities that have been deposited with 896  
the trustee by the public depository, a copy of which shall also 897  
be delivered to the public depository. Thereupon all securities so 898  
deposited with the trustee are deemed to be pledged with the 899  
treasurer and to be deposited with the treasurer, for all the 900  
purposes of this section. 901

(E) The governing board may make provisions for the exchange 902  
and release of securities and the substitution of other eligible 903  
securities therefor except where the public depository has 904  
deposited eligible securities with a trustee for safekeeping as 905  
provided in this section. 906

(F) When the public depository has deposited eligible 907  
securities described in division (B)(1) of this section with a 908  
trustee for safekeeping, the public depository may at any time 909  
substitute or exchange eligible securities described in division 910  
(B)(1) of this section having a current market value equal to or 911  
greater than the current market value of the securities then on 912  
deposit and for which they are to be substituted or exchanged, 913  
without specific authorization from any governing board, boards, 914  
or treasurer of any such substitution or exchange. 915

(G) When the public depository has deposited eligible 916  
securities described in divisions (B)(2) to (9) of this section 917  
with a trustee for safekeeping, the public depository may at any 918  
time substitute or exchange eligible securities having a current 919  
market value equal to or greater than the current market value of 920  
the securities then on deposit and for which they are to be 921  
substituted or exchanged without specific authorization of any 922

governing board, boards, or treasurer of any such substitution or 923  
exchange only if: 924

(1) The treasurer has authorized the public depository to 925  
make such substitution or exchange on a continuing basis during a 926  
specified period without prior approval of each substitution or 927  
exchange. The authorization may be effected by the treasurer 928  
sending to the trustee a written notice stating that substitution 929  
may be effected on a continuing basis during a specified period 930  
which shall not extend beyond the end of the period of designation 931  
during which the notice is given. The trustee may rely upon this 932  
notice and upon the period of authorization stated therein and 933  
upon the period of designation stated therein. 934

(2) No continuing authorization for substitution has been 935  
given by the treasurer, the public depository notifies the 936  
treasurer and the trustee of an intended substitution or exchange, 937  
and the treasurer fails to object to the trustee as to the 938  
eligibility or market value of the securities being substituted 939  
within ten calendar days after the date appearing on the notice of 940  
proposed substitution. The notice to the treasurer and to the 941  
trustee shall be given in writing and delivered personally or by 942  
certified or registered mail with a return receipt requested. The 943  
trustee may assume in any case that the notice has been delivered 944  
to the treasurer. In order for objections of the treasurer to be 945  
effective, receipt of the objections must be acknowledged in 946  
writing by the trustee. 947

(3) The treasurer gives written authorization for a 948  
substitution or exchange of specific securities. 949

(H) The public depository shall notify any governing board, 950  
boards, or treasurer of any substitution or exchange under 951  
division (G)(1) or (2) of this section. Upon request from the 952  
treasurer, the trustee shall furnish a statement of the securities 953  
pledged against such public deposits. 954

(I) Any federal reserve bank or branch thereof located in 955  
this state or federal home loan bank, without compliance with 956  
Chapter 1111. of the Revised Code and without becoming subject to 957  
any other law of this state relative to the exercise by 958  
corporations of trust powers generally, is qualified to act as 959  
trustee for the safekeeping of securities, under this section. Any 960  
institution mentioned in section 135.03 of the Revised Code that 961  
holds a certificate of qualification issued by the superintendent 962  
of financial institutions or any institution complying with 963  
sections 1111.04, 1111.05, and 1111.06 of the Revised Code, is 964  
qualified to act as trustee for the safekeeping of securities, 965  
other than those belonging to itself, under this section. Upon 966  
application to the superintendent in writing by an institution, 967  
the superintendent shall investigate the applicant and ascertain 968  
whether or not it has been authorized to execute and accept trusts 969  
in this state and has safe and adequate vaults and efficient 970  
supervision thereof for the storage and safekeeping within this 971  
state of securities. If the superintendent finds that the 972  
applicant has been so authorized and has such vaults and 973  
supervision thereof, the superintendent shall approve the 974  
application and issue a certificate to that effect, the original 975  
or any certified copy of which shall be conclusive evidence that 976  
the institution therein named is qualified to act as trustee for 977  
the purposes of this section with respect to securities other than 978  
those belonging to itself. 979

Notwithstanding the fact that a public depository is required 980  
to pledge eligible securities in certain amounts to secure 981  
deposits of public moneys, a trustee has no duty or obligation to 982  
determine the eligibility, market value, or face value of any 983  
securities deposited with the trustee by a public depository. This 984  
applies in all situations including, without limitation, a 985  
substitution or exchange of securities. 986



Any charges or compensation of a designated trustee for 987  
acting as such under this section shall be paid by the public 988  
depository and in no event shall be chargeable to the state or the 989  
subdivision or to the treasurer or to any officer of the state or 990  
subdivision. The charges or compensation shall not be a lien or 991  
charge upon the securities deposited for safekeeping prior or 992  
superior to the rights to and interests in the securities of the 993  
state or the subdivision or of the treasurer. The treasurer and 994  
the treasurer's bonders or surety shall be relieved from any 995  
liability to the state or the subdivision or to the public 996  
depository for the loss or destruction of any securities deposited 997  
with a qualified trustee pursuant to this section. 998

**Sec. 135.32.** (A) Any national bank, any bank doing business 999  
under authority granted by the superintendent of financial 1000  
institutions, or any bank doing business under authority granted 1001  
by the regulatory authority of another state of the United States, 1002  
located in this state, is eligible to become a public depository, 1003  
subject to sections 135.31 to 135.40 of the Revised Code. No bank 1004  
shall receive or have on deposit at any one time public moneys, 1005  
including public moneys as defined in section 135.01 of the 1006  
Revised Code, in an aggregate amount in excess of thirty per cent 1007  
of its total assets, as shown in its latest report to the 1008  
comptroller of the currency, the superintendent of financial 1009  
institutions, the federal deposit insurance corporation, or the 1010  
board of governors of the federal reserve system. 1011

(B) Any federal savings association, any savings and loan 1012  
association or savings bank doing business under authority granted 1013  
by the superintendent of financial institutions, or any savings 1014  
and loan association or savings bank doing business under 1015  
authority granted by the regulatory authority of another state of 1016  
the United States, located in this state, and authorized to accept 1017  
deposits is eligible to become a public depository, subject to 1018

sections 135.31 to 135.40 of the Revised Code. No savings 1019  
association, savings and loan association, or savings bank shall 1020  
receive or have on deposit at any one time public moneys, 1021  
including public moneys as defined in section 135.01 of the 1022  
Revised Code, in an aggregate amount in excess of thirty per cent 1023  
of its total assets, as shown in its latest report to the office 1024  
of thrift supervision, the superintendent of financial 1025  
institutions, the federal deposit insurance corporation, or the 1026  
board of governors of the federal reserve system. 1027

(C) Any federal credit union, any foreign credit union 1028  
licensed pursuant to section 1733.39 of the Revised Code, or any 1029  
credit union as defined in section 1733.01 of the Revised Code, 1030  
located in this state, is eligible to become a public depository, 1031  
subject to sections 135.31 to 135.40 of the Revised Code. No 1032  
credit union shall receive or have on deposit at any one time 1033  
public moneys, including public moneys as defined in section 1034  
135.01 of the Revised Code, in an aggregate amount in excess of 1035  
thirty per cent of its total assets, as shown in its latest report 1036  
to the superintendent of financial institutions or the national 1037  
credit union administration. 1038

(D) Any farm credit system institution that has a significant 1039  
presence in the state is eligible to become a public depository, 1040  
subject to sections 135.31 to 135.40 of the Revised Code. No farm 1041  
credit system institution shall receive or have on deposit at any 1042  
one time public moneys, including public moneys as defined in 1043  
section 135.01 of the Revised Code, in an aggregate amount in 1044  
excess of thirty per cent of its total assets, as shown in its 1045  
latest report to the federal farm credit administration. 1046

**Sec. 135.321.** No bank ~~or~~, savings and loan association, 1047  
credit union, or farm credit system institution is eligible to 1048  
become a public depository or to receive any new public deposits 1049

pursuant to sections 135.31 to 135.40 of the Revised Code, if: 1050

(A) In the case of a bank, the bank or any of its directors, 1051  
officers, employees, or controlling shareholders is currently a 1052  
party to an active final or temporary cease-and-desist order 1053  
issued under section 1121.32 of the Revised Code; 1054

(B) In the case of an association, the association or any of 1055  
its directors, officers, employees, or controlling persons is 1056  
currently a party to an active final or summary cease-and-desist 1057  
order issued under section 1155.02 of the Revised Code; 1058

(C) In the case of a credit union, the credit union or any of 1059  
its regulated individuals as defined in section 1733.01 of the 1060  
Revised Code is currently a party to an active final or summary 1061  
cease-and-desist order issued under section 1733.324 of the 1062  
Revised Code; 1063

(D) In the case of a farm credit system institution, the farm 1064  
credit institution or any of its directors, officers, employees, 1065  
agents, or other persons participating in the institution's 1066  
affairs is currently a party to an active final or temporary 1067  
cease-and-desist order issued by the federal farm credit 1068  
administration. 1069

**Sec. 135.322.** (A) Except as otherwise provided in division 1070  
(B) of this section, an officer, employee, or agent of a county 1071  
shall not deposit public moneys in a credit union, as referred to 1072  
in division (C) of section 135.32 of the Revised Code, or a farm 1073  
credit system institution, as referred to in division (D) of that 1074  
section, unless the funds are being placed with the credit union 1075  
or institution for purposes of a linked deposit program 1076  
established pursuant to this chapter and both of the following 1077  
conditions are met: 1078

(1) The credit union or institution obtains insurance for the 1079

protection of the deposit from the national credit union 1080  
association, a share guaranty corporation as defined in section 1081  
1761.01 of the Revised Code, or the farm credit system insurance 1082  
corporation, as applicable. 1083

(2) The credit union or institution pledges securities for 1084  
the repayment of the deposit in accordance with section 135.37 of 1085  
the Revised Code. 1086

(B) An officer, employee, or agent of a county may deposit 1087  
public moneys in such a credit union or farm credit system 1088  
institution other than for purposes of a linked deposit program 1089  
established under this chapter if both of the following conditions 1090  
are met: 1091

(1) The credit union or institution obtains insurance for the 1092  
protection of the deposit from the national credit union 1093  
association, a share guaranty corporation as defined in section 1094  
1761.01 of the Revised Code, or the farm credit system insurance 1095  
corporation, as applicable. 1096

(2) The total amount the county will have on deposit with the 1097  
credit union or institution does not exceed the amount insured. 1098

**Sec. 135.33.** (A) The board of county commissioners shall meet 1099  
every four years in the monthnext preceding the date of the 1100  
expiration of its current period of designation for the purpose of 1101  
designating its public depositories of active moneys for the next 1102  
succeeding four-year period commencing on the date of expiration 1103  
of the preceding period. 1104

At least sixty days before the meeting, the county treasurer 1105  
shall submit to the board an estimate of the aggregate amount of 1106  
public moneys that might be available for deposit as active moneys 1107  
at any one time during the next four-year period. Upon receipt of 1108  
such estimate, the board shall immediately notify all eligible 1109

institutions that might desire to be designated as such public 1110  
depositories of the date on which the designation is to be made; 1111  
the amount that has been estimated to be available for deposit; 1112  
and the date fixed as the last date on which applications may be 1113  
submitted, that shall not be more than thirty days or less than 1114  
ten days prior to the date set for the meeting designating public 1115  
depositories. 1116

(B) Any eligible institution described in division (A), (C), 1117  
or (D) of section 135.32 of the Revised Code that has an office 1118  
located within the territorial limits of the county is eligible to 1119  
become a public depository of the active moneys of the county. 1120  
Each eligible institution desiring to be a public depository of 1121  
such active moneys shall, not more than thirty days or less than 1122  
ten days prior to the date fixed by this section, make application 1123  
~~therefor~~ therefore in writing to the board of county 1124  
commissioners. The application may specify the maximum amount of 1125  
such public moneys that the applicant desires to receive and have 1126  
on deposit at any time during the period covered by the 1127  
designation. Each application shall be accompanied by a financial 1128  
statement of the applicant, under oath of its cashier, treasurer, 1129  
or other officer as of the date of its latest report to the 1130  
superintendent of ~~banks or~~ financial institutions, the comptroller 1131  
of the currency, the national credit union administration, or the 1132  
federal farm credit administration, and adjusted to show any 1133  
changes therein prior to the date of the application, that shall 1134  
include a statement of its public and nonpublic deposits. 1135

(C) The board of county commissioners, upon recommendation of 1136  
the treasurer, shall designate, by resolution, one or more 1137  
eligible institutions as public depositories for active moneys. In 1138  
case the aggregate amount of active moneys applied for by 1139  
institutions within the county is less than the amount estimated 1140  
to be available for deposit, the board may designate as a public 1141

depository one or more eligible institutions that are conveniently 1142  
located. The original resolution of designation shall be certified 1143  
to the treasurer and any institution designated as a public 1144  
depository. 1145

(D) No service charge shall be made against any deposit of 1146  
active moneys, or collected or paid, unless such service charge is 1147  
the same as is customarily imposed by institutions receiving money 1148  
on deposit subject to check, in which event the charge may be 1149  
paid. 1150

(E) Notwithstanding division (C) of this section, the board 1151  
of county commissioners may authorize, by resolution, the 1152  
treasurer to deposit money necessary to pay the principal and 1153  
interest on bonds and notes, and any fees incident thereto, in any 1154  
bank, credit union, or farm credit system institution within this 1155  
state. 1156

Moneys so deposited shall be transferred by the treasurer 1157  
according to the terms of the agreement with the bank, credit 1158  
union, or farm credit system institution but shall remain as 1159  
public moneys until such time as they are actually paid out by the 1160  
bank, credit union, or farm credit system institution. Until such 1161  
time as payments become due and payable on such principal or 1162  
interest, the bank, credit union, or farm credit system 1163  
institution shall invest any moneys in the account in 1164  
interest-bearing obligations at the highest, reasonable rate of 1165  
interest obtainable. 1166

So long as moneys remain in the account, the bank, credit 1167  
union, or farm credit system institution shall deliver to the 1168  
treasurer, at the end of each month, a statement showing an 1169  
accounting of all activities in the account during the preceding 1170  
month including, but not limited to, all payments made, all 1171  
interest earned, and the beginning and ending balances, together 1172  
with any coupons redeemed since the preceding statement was 1173

issued. 1174

**Sec. 135.35.** (A) The investing authority shall deposit or 1175  
invest any part or all of the county's inactive moneys and shall 1176  
invest all of the money in the county public library fund when 1177  
required by section 135.352 of the Revised Code. The following 1178  
classifications of securities and obligations are eligible for 1179  
such deposit or investment: 1180

(1) United States treasury bills, notes, bonds, or any other 1181  
obligation or security issued by the United States treasury, any 1182  
other obligation guaranteed as to principal or interest by the 1183  
United States, or any book entry, zero-coupon United States 1184  
treasury security that is a direct obligation of the United 1185  
States. 1186

Nothing in the classification of eligible securities and 1187  
obligations set forth in divisions (A)(2) to (11) of this section 1188  
shall be construed to authorize any investment in stripped 1189  
principal or interest obligations of such eligible securities and 1190  
obligations. 1191

(2) Bonds, notes, debentures, or any other obligations or 1192  
securities issued by any federal government agency or 1193  
instrumentality, including, but not limited to, the federal 1194  
national mortgage association, federal home loan bank, federal 1195  
farm credit bank, federal home loan mortgage corporation, 1196  
government national mortgage association, and student loan 1197  
marketing association. All federal agency securities shall be 1198  
direct issuances of federal government agencies or 1199  
instrumentalities. 1200

(3) Time certificates of deposit or savings or deposit 1201  
accounts, including, but not limited to, passbook accounts, in any 1202  
eligible institution mentioned in section 135.32 of the Revised 1203  
Code; 1204

(4) Bonds and other obligations of this state or the political subdivisions of this state;

(5) No-load money market mutual funds consisting exclusively of obligations described in division (A)(1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.32 of the Revised Code;

(6) The Ohio subdivision's fund as provided in section 135.45 of the Revised Code;

(7) Securities lending agreements with any eligible institution mentioned in section 135.32 of the Revised Code that is a member of the federal reserve system or federal home loan bank or with any recognized United States government securities dealer meeting the description in division (J)(1) of this section, under the terms of which agreements the investing authority lends securities and the eligible 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 inactive moneys of the county or moneys of a county public library fund. The investment of cash collateral received pursuant to a securities lending agreement may be invested only in instruments specified by the investing authority in the written investment policy described in division (K) of this section.

(8) Up to twenty-five per cent of the county's total average portfolio in either of the following investments:

(a) Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which



notes all of the following apply: 1236

(i) The notes are rated at the time of purchase in the 1237  
highest classification established by at least two nationally 1238  
recognized standard rating services. 1239

(ii) The aggregate value of the notes does not exceed ten per 1240  
cent of the aggregate value of the outstanding commercial paper of 1241  
the issuing corporation. 1242

(iii) The notes mature not later than two hundred seventy 1243  
days after purchase. 1244

(b) Bankers acceptances of banks that are insured by the 1245  
federal deposit insurance corporation and to which both of the 1246  
following apply: 1247

(i) The obligations are eligible for purchase by the federal 1248  
reserve system. 1249

(ii) The obligations mature not later than one hundred eighty 1250  
days after purchase. 1251

No investment shall be made pursuant to division (A)(8) of 1252  
this section unless the investing authority has completed 1253  
additional training for making the investments authorized by 1254  
division (A)(8) of this section. The type and amount of additional 1255  
training shall be approved by the auditor of state and may be 1256  
conducted by or provided under the supervision of the auditor of 1257  
state. 1258

(9) Up to fifteen per cent of the county's total average 1259  
portfolio in notes issued by corporations that are incorporated 1260  
under the laws of the United States and that are operating within 1261  
the United States, or by depository institutions that are doing 1262  
business under authority granted by the United States or any state 1263  
and that are operating within the United States, provided both of 1264  
the following apply: 1265

(a) The notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase.	1266 1267 1268
(b) The notes mature not later than two years after purchase.	1269
(10) No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and consisting exclusively of obligations described in division (A)(1), (2), or (6) of section 135.143 of the Revised Code;	1270 1271 1272 1273 1274
(11) Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds. The investments made under division (A)(11) of this section shall not exceed in the aggregate one per cent of a county's total average portfolio.	1275 1276 1277 1278 1279 1280 1281 1282
The investing authority shall invest under division (A)(11) of this section in a debt interest issued by a foreign nation only if the debt interest is backed by the full faith and credit of that foreign nation, there is no prior history of default, and the debt interest matures not later than five years after purchase. For purposes of division (A)(11) of this section, a debt interest is rated in the three highest categories by two nationally recognized standard rating services if either the debt interest itself or the issuer of the debt interest is rated, or is implicitly rated, at the time of purchase in the three highest categories by two nationally recognized standard rating services.	1283 1284 1285 1286 1287 1288 1289 1290 1291 1292 1293
(12) A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code, provided that all of the conditions for entering into such a	1294 1295 1296

line of credit under that division are satisfied, or bonds and 1297  
other obligations of a county land reutilization corporation 1298  
organized under Chapter 1724. of the Revised Code, if the county 1299  
land reutilization corporation is located wholly or partly within 1300  
the same county as the investing authority. 1301

(B) Nothing in the classifications of eligible obligations 1302  
and securities set forth in divisions (A)(1) to (11) of this 1303  
section shall be construed to authorize investment in a 1304  
derivative, and no investing authority shall invest any county 1305  
inactive moneys or any moneys in a county public library fund in a 1306  
derivative. For purposes of this division, "derivative" means a 1307  
financial instrument or contract or obligation whose value or 1308  
return is based upon or linked to another asset or index, or both, 1309  
separate from the financial instrument, contract, or obligation 1310  
itself. Any security, obligation, trust account, or other 1311  
instrument that is created from an issue of the United States 1312  
treasury or is created from an obligation of a federal agency or 1313  
instrumentality or is created from both is considered a derivative 1314  
instrument. An eligible investment described in this section with 1315  
a variable interest rate payment, based upon a single interest 1316  
payment or single index comprised of other eligible investments 1317  
provided for in division (A)(1) or (2) of this section, is not a 1318  
derivative, provided that such variable rate investment has a 1319  
maximum maturity of two years. A treasury inflation-protected 1320  
security shall not be considered a derivative, provided the 1321  
security matures not later than five years after purchase. 1322

(C) Except as provided in divisions (D) and (O) of this 1323  
section, any investment made pursuant to this section must mature 1324  
within ten years from the date of settlement, unless the 1325  
investment is matched to a specific obligation or debt of the 1326  
county or to a specific obligation or debt of a political 1327  
subdivision of this state, and the investment is specifically 1328

approved by the investment advisory committee. 1329

(D) The investing authority may also enter into a written 1330  
repurchase agreement with any eligible institution mentioned in 1331  
section 135.32 of the Revised Code or any eligible securities 1332  
dealer pursuant to division (J) of this section, under the terms 1333  
of which agreement the investing authority purchases and the 1334  
eligible institution or dealer agrees unconditionally to 1335  
repurchase any of the securities listed in divisions (B)(1) to 1336  
(5), except letters of credit described in division (B)(2), of 1337  
section 135.18 of the Revised Code. The market value of securities 1338  
subject to an overnight written repurchase agreement must exceed 1339  
the principal value of the overnight written repurchase agreement 1340  
by at least two per cent. A written repurchase agreement must 1341  
exceed the principal value of the overnight written repurchase 1342  
agreement, by at least two per cent. A written repurchase 1343  
agreement shall not exceed thirty days, and the market value of 1344  
securities subject to a written repurchase agreement must exceed 1345  
the principal value of the written repurchase agreement by at 1346  
least two per cent and be marked to market daily. All securities 1347  
purchased pursuant to this division shall be delivered into the 1348  
custody of the investing authority or the qualified custodian of 1349  
the investing authority or an agent designated by the investing 1350  
authority. A written repurchase agreement with an eligible 1351  
securities dealer shall be transacted on a delivery versus payment 1352  
basis. The agreement shall contain the requirement that for each 1353  
transaction pursuant to the agreement the participating 1354  
institution shall provide all of the following information: 1355

(1) The par value of the securities; 1356

(2) The type, rate, and maturity date of the securities; 1357

(3) A numerical identifier generally accepted in the 1358  
securities industry that designates the securities. 1359

No investing authority shall enter into a written repurchase agreement under the terms of which the investing authority agrees to sell securities owned by the county to a purchaser and agrees with that purchaser to unconditionally repurchase those securities.

(E) No investing authority shall make an investment under this section, unless the investing authority, at the time of making the investment, reasonably expects that the investment can be held until its maturity. The investing authority's written investment policy shall specify the conditions under which an investment may be redeemed or sold prior to maturity.

(F) No investing authority shall pay a county's inactive moneys or moneys of a county public library fund into a fund established by another subdivision, treasurer, governing board, or investing authority, if that fund was established by the subdivision, treasurer, governing board, or investing authority for the purpose of investing or depositing the public moneys of other subdivisions. This division does not apply to the payment of public moneys into either of the following:

(1) The Ohio subdivision's fund pursuant to division (A)(6) of this section;

(2) A fund created solely for the purpose of acquiring, constructing, owning, leasing, or operating municipal utilities pursuant to the authority provided under section 715.02 of the Revised Code or Section 4 of Article XVIII, Ohio Constitution.

For purposes of division (F) of this section, "subdivision" includes a county.

(G) The use of leverage, in which the county uses its current investment assets as collateral for the purpose of purchasing other assets, is prohibited. The issuance of taxable notes for the purpose of arbitrage is prohibited. Contracting to sell securities

not owned by the county, for the purpose of purchasing such 1391  
securities on the speculation that bond prices will decline, is 1392  
prohibited. 1393

(H) Any securities, certificates of deposit, deposit 1394  
accounts, or any other documents evidencing deposits or 1395  
investments made under authority of this section shall be issued 1396  
in the name of the county with the county treasurer or investing 1397  
authority as the designated payee. If any such deposits or 1398  
investments are registrable either as to principal or interest, or 1399  
both, they shall be registered in the name of the treasurer. 1400

(I) The investing authority shall be responsible for the 1401  
safekeeping of all documents evidencing a deposit or investment 1402  
acquired under this section, including, but not limited to, 1403  
safekeeping receipts evidencing securities deposited with a 1404  
qualified trustee, as provided in section 135.37 of the Revised 1405  
Code, and documents confirming the purchase of securities under 1406  
any repurchase agreement under this section shall be deposited 1407  
with a qualified trustee, provided, however, that the qualified 1408  
trustee shall be required to report to the investing authority, 1409  
auditor of state, or an authorized outside auditor at any time 1410  
upon request as to the identity, market value, and location of the 1411  
document evidencing each security, and that if the participating 1412  
institution is a designated depository of the county for the 1413  
current period of designation, the securities that are the subject 1414  
of the repurchase agreement may be delivered to the treasurer or 1415  
held in trust by the participating institution on behalf of the 1416  
investing authority. 1417

Upon the expiration of the term of office of an investing 1418  
authority or in the event of a vacancy in the office for any 1419  
reason, the officer or the officer's legal representative shall 1420  
transfer and deliver to the officer's successor all documents 1421  
mentioned in this division for which the officer has been 1422

responsible for safekeeping. For all such documents transferred 1423  
and delivered, the officer shall be credited with, and the 1424  
officer's successor shall be charged with, the amount of moneys 1425  
evidenced by such documents. 1426

(J)(1) All investments, except for investments in securities 1427  
described in divisions (A)(5), (6), and (12) of this section, 1428  
shall be made only through a member of the national association of 1429  
securities dealers, through a bank, savings bank, ~~or~~ savings and 1430  
loan association, or credit union regulated by the superintendent 1431  
of financial institutions, or through an institution regulated by 1432  
the comptroller of the currency, the federal deposit insurance 1433  
corporation, or board of governors of the federal reserve system, 1434  
the national credit union administration, or the federal farm 1435  
credit administration. 1436

(2) Payment for investments shall be made only upon the 1437  
delivery of securities representing such investments to the 1438  
treasurer, investing authority, or qualified trustee. If the 1439  
securities transferred are not represented by a certificate, 1440  
payment shall be made only upon receipt of confirmation of 1441  
transfer from the custodian by the treasurer, governing board, or 1442  
qualified trustee. 1443

(K)(1) Except as otherwise provided in division (K)(2) of 1444  
this section, no investing authority shall make an investment or 1445  
deposit under this section, unless there is on file with the 1446  
auditor of state a written investment policy approved by the 1447  
investing authority. The policy shall require that all entities 1448  
conducting investment business with the investing authority shall 1449  
sign the investment policy of that investing authority. All 1450  
brokers, dealers, and financial institutions, described in 1451  
division (J)(1) of this section, initiating transactions with the 1452  
investing authority by giving advice or making investment 1453  
recommendations shall sign the investing authority's investment 1454

policy thereby acknowledging their agreement to abide by the 1455  
policy's contents. All brokers, dealers, and financial 1456  
institutions, described in division (J)(1) of this section, 1457  
executing transactions initiated by the investing authority, 1458  
having read the policy's contents, shall sign the investment 1459  
policy thereby acknowledging their comprehension and receipt. 1460

(2) If a written investment policy described in division 1461  
(K)(1) of this section is not filed on behalf of the county with 1462  
the auditor of state, the investing authority of that county shall 1463  
invest the county's inactive moneys and moneys of the county 1464  
public library fund only in time certificates of deposits or 1465  
savings or deposit accounts pursuant to division (A)(3) of this 1466  
section, no-load money market mutual funds pursuant to division 1467  
(A)(5) of this section, or the Ohio subdivision's fund pursuant to 1468  
division (A)(6) of this section. 1469

(L)(1) The investing authority shall establish and maintain 1470  
an inventory of all obligations and securities acquired by the 1471  
investing authority pursuant to this section. The inventory shall 1472  
include a description of each obligation or security, including 1473  
type, cost, par value, maturity date, settlement date, and any 1474  
coupon rate. 1475

(2) The investing authority shall also keep a complete record 1476  
of all purchases and sales of the obligations and securities made 1477  
pursuant to this section. 1478

(3) The investing authority shall maintain a monthly 1479  
portfolio report and issue a copy of the monthly portfolio report 1480  
describing such investments to the county investment advisory 1481  
committee, detailing the current inventory of all obligations and 1482  
securities, all transactions during the month that affected the 1483  
inventory, any income received from the obligations and 1484  
securities, and any investment expenses paid, and stating the 1485  
names of any persons effecting transactions on behalf of the 1486



investing authority. 1487

(4) The monthly portfolio report shall be a public record and 1488  
available for inspection under section 149.43 of the Revised Code. 1489

(5) The inventory and the monthly portfolio report shall be 1490  
filed with the board of county commissioners. The monthly 1491  
portfolio report also shall be filed with the treasurer of state. 1492

(M) An investing authority may enter into a written 1493  
investment or deposit agreement that includes a provision under 1494  
which the parties agree to submit to nonbinding arbitration to 1495  
settle any controversy that may arise out of the agreement, 1496  
including any controversy pertaining to losses of public moneys 1497  
resulting from investment or deposit. The arbitration provision 1498  
shall be set forth entirely in the agreement, and the agreement 1499  
shall include a conspicuous notice to the parties that any party 1500  
to the arbitration may apply to the court of common pleas of the 1501  
county in which the arbitration was held for an order to vacate, 1502  
modify, or correct the award. Any such party may also apply to the 1503  
court for an order to change venue to a court of common pleas 1504  
located more than one hundred miles from the county in which the 1505  
investing authority is located. 1506

For purposes of this division, "investment or deposit 1507  
agreement" means any agreement between an investing authority and 1508  
a person, under which agreement the person agrees to invest, 1509  
deposit, or otherwise manage, on behalf of the investing 1510  
authority, a county's inactive moneys or moneys in a county public 1511  
library fund, or agrees to provide investment advice to the 1512  
investing authority. 1513

(N) An investment held in the county portfolio on September 1514  
27, 1996, that was a legal investment under the law as it existed 1515  
before September 27, 1996, may be held until maturity, or if the 1516  
investment does not have a maturity date the investment may be 1517

held until five years from September 27, 1996, regardless of 1518  
whether the investment would qualify as a legal investment under 1519  
the terms of this section as amended. 1520

(O) Upon a majority affirmative vote of the county investment 1521  
advisory committee in support of such action, an investment 1522  
authority may invest up to twenty-five per cent of the county's 1523  
total average portfolio of investments made under this section in 1524  
securities and obligations that mature on a date that is more than 1525  
ten years from the date of settlement. 1526

**Sec. 135.353.** (A) In addition to the investments specified in 1527  
section 135.35 of the Revised Code, the investing authority of a 1528  
county may do all of the following: 1529

(1) Invest inactive or public moneys in linked deposits as 1530  
authorized by resolution adopted pursuant to section 135.80 or 1531  
135.801 of the Revised Code; 1532

(2) Invest inactive or public moneys in linked deposits as 1533  
authorized by resolution adopted pursuant to section 135.805 of 1534  
the Revised Code for a term considered appropriate by the 1535  
investing authority, but not exceeding fifteen years, which 1536  
investment may be renewed for up to two additional terms with each 1537  
additional term not exceeding fifteen years. 1538

(3) Invest inactive moneys in certificates of deposit in 1539  
accordance with all of the following: 1540

(a) The inactive moneys initially are deposited with an 1541  
eligible public depository described in section 135.32 of the 1542  
Revised Code and selected by the investing authority. 1543

(b) For the investing authority depositing the inactive 1544  
moneys pursuant to division (A)(3)(a) of this section, the 1545  
eligible public depository selected pursuant to that division 1546  
invests the inactive moneys in certificates of deposit of one or 1547

more federally insured banks, savings banks, or savings and loan 1548  
associations, farm credit system institutions, or credit unions 1549  
insured pursuant to section 1733.041 of the Revised Code, wherever 1550  
located. The full amount of principal and any accrued interest of 1551  
each certificate of deposit invested in pursuant to division 1552  
(A)(3)(b) of this section shall be insured by federal deposit 1553  
insurance, by the national credit union administration or a share 1554  
guaranty corporation as defined in section 1761.01 of the Revised 1555  
Code, or by the farm credit system insurance corporation, as 1556  
applicable. 1557

(c) For the investing authority depositing the inactive 1558  
moneys pursuant to division (A)(3)(a) of this section, the 1559  
eligible public depository selected pursuant to that division acts 1560  
as custodian of the certificates of deposit described in division 1561  
(A)(3)(b) of this section. 1562

(d) On the same date the public moneys are redeposited by the 1563  
public depository, the public depository may, in its sole 1564  
discretion, choose whether to receive deposits, in any amount, 1565  
from other banks, savings banks, or savings and loan associations. 1566

(e) The public depository provides to the investing authority 1567  
a monthly account statement that includes the amount of its funds 1568  
deposited and held at each bank, savings bank, ~~or~~ savings and loan 1569  
association, credit union, or farm credit system institution for 1570  
which the public depository acts as a custodian pursuant to this 1571  
section. 1572

(B) Inactive moneys deposited or invested in accordance with 1573  
division (A)(3) of this section are not subject to any pledging 1574  
requirements described in section 135.181 or 135.37 of the Revised 1575  
Code. 1576

**Sec. 135.37.** (A) Except as provided in section 135.353 or 1577  
135.354 of the Revised Code, any institution described in section 1578

135.32 of the Revised Code shall, at the time it receives a 1579  
deposit of public moneys under section 135.33 or 135.35 of the 1580  
Revised Code, pledge to and deposit with the investing authority, 1581  
as security for the repayment of all public moneys to be 1582  
deposited, eligible securities of aggregate market value equal to 1583  
or in excess of the amount of public moneys to be at the time so 1584  
deposited. Any securities listed in division (B) of section 135.18 1585  
of the Revised Code are eligible for such purpose. The collateral 1586  
so pledged or deposited may be in an amount that when added to the 1587  
portion of the deposit insured by the federal deposit insurance 1588  
corporation ~~or~~, any other agency or instrumentality of the federal 1589  
government, a credit union share guaranty corporation as defined 1590  
in section 1761.01 of the Revised Code, or the farm credit system 1591  
insurance corporation will, in the aggregate, equal or exceed the 1592  
amount of public moneys so deposited; provided that, when an 1593  
investment of inactive moneys consists of the purchase of one or 1594  
more of the type of securities listed in division (A)(1) or (2) of 1595  
section 135.35 of the Revised Code, no additional collateral need 1596  
be pledged or deposited. 1597

The investing authority also may require that additional 1598  
eligible securities be pledged or deposited when depreciation 1599  
occurs in the market value of any securities pledged or deposited. 1600

(B) The public depository may, at any time, provide for the 1601  
exchange or substitution of securities for other eligible 1602  
securities or the release of securities when the amount of public 1603  
moneys on deposit does not require that they be pledged or 1604  
deposited, by notifying the investing authority of its intent to 1605  
take such action. 1606

Upon proper notification of the public depository's desire 1607  
for release of securities, the investing authority may sign a 1608  
release of such securities provided that the aggregate amount of 1609  
collateral remaining pledged or deposited meets the requirements 1610

of divisions (A) to (E) of this section. 1611

When a public depository desires to exchange or substitute 1612  
securities for other eligible securities, the investing authority 1613  
may release the securities pledged or deposited after the deposit 1614  
of other securities having a current market value equal to or 1615  
greater than the current market value of securities then on 1616  
deposit or after a safekeeping receipt has been received 1617  
evidencing the deposit and pledge of such securities. 1618

(C) Upon request from the investing authority, the trustee or 1619  
the public depository shall furnish a statement of the securities 1620  
pledged against the public moneys deposited in the public 1621  
depository. 1622

(D) If a public depository fails to pay over any part of any 1623  
public deposit made as provided by law, the investing authority 1624  
shall sell any pledged or deposited securities, as prescribed in 1625  
division (C) of section 135.18 of the Revised Code. 1626

(E) A public depository may designate, in accordance with the 1627  
provisions of division (D) of section 135.18 of the Revised Code, 1628  
a trustee for the safekeeping of any pledged securities. Such 1629  
trustee shall be any bank or other institution eligible as a 1630  
trustee under division (I) of section 135.18 of the Revised Code, 1631  
except that, for the purposes of this section, a bank to which a 1632  
certificate of qualification is issued shall be an institution 1633  
mentioned in division (A) of section 135.32 of the Revised Code. 1634

(F) In lieu of the pledging requirements prescribed in 1635  
divisions (A) to (E) of this section, an institution designated as 1636  
a public depository may pledge securities pursuant to section 1637  
135.181 of the Revised Code. 1638

**Sec. 135.51.** In case of any default on the part of a bank ~~or~~ 1639  
domestic ~~building and loan~~ association, savings bank, credit 1640

union, or farm credit system institution in its capacity as 1641  
depository of the money of any county, municipal corporation, 1642  
township, or school district, the board of county commissioners, 1643  
the legislative authority of such municipal corporation, the board 1644  
of township trustees, and the board of education of such school 1645  
district, in lieu of immediately selling the securities received 1646  
and held as security for the deposit of such money under authority 1647  
of any section of the Revised Code, may retain the same, collect 1648  
the interest and any installments of principal thereafter falling 1649  
due on such securities, and refund, exchange, sell, or otherwise 1650  
dispose of any of them, at such times and in such manner as such 1651  
board of county commissioners, legislative authority, board of 1652  
township trustees, or board of education determines to be 1653  
advisable with a view to conserving the value of such securities 1654  
for the benefit of such county, municipal corporation, township, 1655  
or school district, and for the benefit of the depositors, 1656  
creditors, and stockholders or other owners of such bank ~~or~~ 1657  
~~building and loan, domestic~~ association, savings bank, credit 1658  
union, or farm credit system institution. 1659

**Sec. 135.52.** In anticipation of the collection of the 1660  
principal and interest of securities, or other disposition of 1661  
them, as authorized by section 135.51 of the Revised Code, and of 1662  
the payment of dividends in the liquidation of the depository bank 1663  
~~or, domestic savings and loan~~ association, savings bank, credit 1664  
union, or farm credit system institution and for the purpose of 1665  
providing public money immediately available for the needs of the 1666  
county, municipal corporation, township, or school district, the 1667  
taxing authority may issue bonds of the county, municipal 1668  
corporation, township, or school district, in an amount not 1669  
exceeding the moneys on deposit in the depository bank ~~or savings~~ 1670  
~~and loan, domestic~~ association, savings bank, credit union, or 1671  
farm credit system institution, the payment of which is secured by 1672

such securities, after crediting to such moneys the amount 1673  
realized from the sale or other disposition of any other 1674  
securities pledged or deposited for such moneys, or in an amount 1675  
not exceeding the value or amount ultimately to be realized from 1676  
such securities to be determined by valuation made under oath by 1677  
two persons who are conversant with the value of the assets 1678  
represented by such securities, whichever amount is the lesser, 1679  
plus an amount equal to the interest accruing on such securities 1680  
during one year from and after the date of default of such bank ~~or~~ 1681  
savings and loan, domestic association, savings bank, credit 1682  
union, or farm credit system institution in its capacity as a 1683  
depository. The maturity of such bonds shall not exceed ten years 1684  
and they shall bear interest at a rate not exceeding the rate 1685  
determined as provided in section 9.95 of the Revised Code. Such 1686  
bonds shall be the general obligations of the county, municipal 1687  
corporation, township, or school district issuing them. The 1688  
legislation under which such bonds are issued shall comply with 1689  
Section 11 of Article XII, Ohio Constitution. The amount of such 1690  
bonds issued or outstanding shall not be considered in 1691  
ascertaining any of the limitations on the net indebtedness of 1692  
such county, municipal corporation, township, or school district 1693  
prescribed by law. In all other respects, the issuance, 1694  
maturities, and sale of such bonds shall be subject to Chapter 1695  
133. of the Revised Code. 1696

A sufficient amount of the moneys received from principal on 1697  
the sale of such bonds to cover the interest accruing on such 1698  
securities for one year, to the extent determined by the authority 1699  
issuing such bonds in the resolution or ordinance of issuance 1700  
under this section, shall be paid into the bond retirement fund 1701  
from which the bonds are to be redeemed, together with premiums 1702  
and accrued interest. The balance of such principal shall be 1703  
credited to the funds to which the moneys represented by such 1704  
depository balance belong, and in the respective amounts of such 1705

funds. 1706

**Sec. 135.53.** All principal and interest collected by the 1707  
proper officer or agent of the county, municipal corporation, 1708  
township, or school district, on account of the securities 1709  
mentioned in section 135.51 of the Revised Code, the proceeds of 1710  
any sale or other disposition of any of such securities, and any 1711  
dividends received from the liquidation of the defaulting bank ~~or~~, 1712  
domestic ~~building and loan~~ association, savings bank, credit 1713  
union, or farm credit system institution shall be paid into the 1714  
bond retirement fund from which the bonds provided for in section 1715  
135.52 of the Revised Code are to be redeemed, until the aggregate 1716  
of such payments equals the requirements of such fund, whereupon 1717  
such securities, and any remaining depository balance, not 1718  
anticipated by such bonds, to the extent then retained by such 1719  
county, municipal corporation, township, or school district, shall 1720  
be assigned and delivered to the defaulting bank ~~or building and~~ 1721  
~~loan, domestic~~ association, savings bank, credit union, or farm 1722  
credit system institution to its liquidating officer, or to its 1723  
successor or assignee, together with a release or other instrument 1724  
showing full satisfaction of the claim of such county, municipal 1725  
corporation, township, or school district against such bank, 1726  
~~building and loan domestic~~ association, savings bank, credit 1727  
union, farm credit system institution, or officer. 1728

**Sec. 1733.04.** (A) In addition to the authority conferred by 1729  
section 1701.13 of the Revised Code, but subject to any 1730  
limitations contained in sections 1733.01 to 1733.45 of the 1731  
Revised Code, and its articles and regulations, a credit union may 1732  
do any of the following: 1733

(1) Make loans as provided in section 1733.25 of the Revised 1734  
Code; 1735



(2) Invest its money as provided in section 1733.30 of the Revised Code; 1736  
1737

(3) If authorized by the code of regulations, rebate to the borrowing members a portion of the member's interest paid to the credit union; 1738  
1739  
1740

(4) If authorized by the regulations, charge a membership or entrance fee not to exceed one dollar per member; 1741  
1742

(5) Purchase group savings life insurance and group credit life insurance; 1743  
1744

(6) Make reasonable contributions to any nonprofit civic, charitable, or service organizations; 1745  
1746

(7) Act as trustee or custodian, for which reasonable compensation may be received, under any written trust instrument or custodial agreement created or organized in the United States and forming part of a tax-advantaged savings plan that qualifies for specific tax treatment under sections 223, 401(d), 408, 408A, and 530 of the Internal Revenue Code, 26 U.S.C. 223, 401(d), 408, 408A, and 530, as amended, for its members or groups of its members, provided that the funds of such plans are invested in share accounts or share certificate accounts of the credit union. These services include, but are not limited to, acting as a trustee or custodian for member retirement, education, or health savings accounts. 1747  
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(8) Act as a public depository for purposes of, and in accordance with, Chapter 135. of the Revised Code. 1759  
1760

(B) The authority of a credit union shall be subject to the following: 1761  
1762

(1) A credit union may not borrow money in excess of twenty-five per cent of its shares and undivided earnings, without prior specific authorization by the superintendent of credit 1763  
1764  
1765

unions. 1766

(2) A credit union may not pay a commission or other 1767  
compensation to any person for securing members or for the sale of 1768  
its shares, except that reasonable incentives may be made 1769  
available directly to members or potential members to promote 1770  
thrift. 1771

(3) A credit union, subject to the approval of the 1772  
superintendent, may have service facilities other than its home 1773  
office. 1774

(4) Real estate may be acquired by lease, purchase, or 1775  
otherwise as necessary and to the extent required for use of the 1776  
credit union presently and in the future operation of its office 1777  
or headquarters, and in case of a purchase of real estate, the 1778  
superintendent must first be notified in writing prior to the 1779  
purchase of the real estate. The superintendent shall notify the 1780  
credit union not more than thirty days after receipt of the 1781  
notification to purchase the real estate if the purchase is 1782  
denied, approved, or modified. If the superintendent does not 1783  
respond within thirty days after receipt of the notification to 1784  
purchase the real estate, it shall be deemed approved. Nothing 1785  
herein contained shall be deemed to prohibit a credit union from 1786  
taking title to real estate in connection with a default in the 1787  
payment of a loan, provided that title to such real estate shall 1788  
not be held by the credit union for more than two years without 1789  
the prior written approval of the superintendent. A credit union 1790  
also may lease space in any real estate it acquires in accordance 1791  
with rules adopted by the superintendent. 1792

(C)(1) As used in division (C) of this section: 1793

(a) "School" means an elementary or secondary school. 1794

(b) "Student" means a child enrolled in a school. 1795

(c) "Student branch" means the designation provided to the 1796

credit union for the in-school services and financial education 1797  
offered to students. 1798

(2) A credit union, upon agreement with a school board, in 1799  
the case of a public school, or the governing authority, in the 1800  
case of a nonpublic school, and with the permission of the 1801  
superintendent, may open and maintain a student branch. 1802

(3) Notwithstanding any other provision of this section, any 1803  
student enrolled in the school maintaining a student branch who is 1804  
not otherwise qualified for membership in the credit union 1805  
maintaining the student branch is qualified to be a member of that 1806  
student branch. 1807

(4) The student's membership in the student branch expires 1808  
upon the student's graduation from secondary school. 1809

(5) The student branch is for the express use of students and 1810  
may not be used by faculty, staff, or lineal ancestors or 1811  
descendents of students. 1812

(6) Faculty, staff, or lineal ancestors or descendents of 1813  
students are not eligible for membership in the credit union 1814  
maintaining the student branch unless otherwise qualified by this 1815  
section to be members. 1816

(7) The superintendent may adopt rules appropriate to the 1817  
formation and operation of student branches. 1818

(D) A credit union may guarantee the signature of a member in 1819  
connection with a transaction involving tangible or intangible 1820  
property in which a member has or seeks to acquire an interest. 1821

**Sec. 1733.041.** Each credit union operating under this chapter 1822  
or otherwise authorized to do business in this state shall obtain 1823  
insurance for the protection of their members' accounts. Such 1824  
share guarantee insurance may be obtained from the national credit 1825  
union administration operating under the "Federal Credit Union 1826

Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, and any amendments 1827  
thereto, or from ~~the national deposit~~ a credit union share 1828  
guaranty corporation, established under Chapter 1761. of the 1829  
Revised Code, or from any insurer qualified under the laws of this 1830  
state to write such insurance. 1831

**Sec. 1733.24.** (A) A credit union is authorized to receive 1832  
funds for deposit in share accounts, share draft accounts, and 1833  
share certificates from its members, from other credit unions, and 1834  
from an officer, employee, or agent of the federal, state, or 1835  
local governments, or political subdivisions of the state, in 1836  
accordance with such terms, rates, and conditions as may be 1837  
established by its board of directors and, if acting as a public 1838  
depository, for purposes of, and in accordance with, Chapter 135. 1839  
of the Revised Code. 1840

(B) The shares and share accounts of the credit union may be 1841  
of one or more classes, as designated by the board of directors, 1842  
subject to approval of the superintendent of credit unions based 1843  
on rules that shall assure equitable distribution of dividends 1844  
among classes, considering costs and advantages of each class to 1845  
the members of the credit union, including without limitation 1846  
special services rendered, length of ownership, minimum 1847  
investment, conditions of repurchase, and other appropriate 1848  
standards or combinations thereof. In the event the articles of 1849  
incorporation of the credit union indicate the authorized number 1850  
of shares to be unlimited, the designation of classification of 1851  
shares and share accounts of the credit union may be effected by 1852  
the board of directors, subject to the approval of the 1853  
superintendent, and does not require amendment of the articles of 1854  
incorporation. All shares of the credit union shall have a par 1855  
value per share as set by the board of directors. Redemptions and 1856  
liquidating dividends shall be prorated to each member on the 1857  
basis of the price paid the credit union for such share, 1858

irrespective of the class of such shares. 1859

(C)(1) Each credit union shall have one class of shares 1860  
designated as "membership share." The membership shares, or if a 1861  
credit union has but one class of shares, then all of the shares 1862  
of the credit union, shall have a par value as set by the board of 1863  
directors. 1864

(2) Two or more persons that are eligible for membership that 1865  
have jointly subscribed for one or more shares under a joint 1866  
account each may be admitted to membership. 1867

(D) A credit union need not issue certificates for any or all 1868  
of its classes of shares but irrespective of whether certificates 1869  
are issued, a registry of shares must be kept, including all of 1870  
the transactions of the credit union pertaining to such shares. 1871

(E) A credit union is authorized to maintain share draft 1872  
accounts in accordance with rules prescribed by the 1873  
superintendent. The credit union may pay dividends on share draft 1874  
accounts, may pay dividends at different rates on different types 1875  
of share draft accounts, and may permit the owners of such share 1876  
draft accounts to make withdrawals by negotiable or transferable 1877  
instruments or other orders for the purpose of making transfers to 1878  
third parties. 1879

(F) Unless otherwise provided by written agreement of the 1880  
parties, the rights, responsibilities, and liabilities attaching 1881  
to a share draft withdrawn from, transferred to, or otherwise 1882  
handled by a credit union are defined in and governed by Chapters 1883  
1303. and 1304. of the Revised Code, as if the credit union were a 1884  
bank. 1885

(G) Unless otherwise provided in the articles or regulations, 1886  
a member may designate any person or persons to own or hold 1887  
shares, or share accounts with the member in joint tenancy with 1888  
right of survivorship and not as tenants in common. 1889

(H) Shares or share accounts may be issued in the name of a  
custodian under the Ohio transfers to minors act, a member in  
trust for a beneficiary, a fiduciary or custodian in trust for a  
member beneficiary, or a fiduciary or custodian in trust upon the  
death of a member. Redemption of such shares or payment of such  
share accounts to a member, to the extent of the payment,  
discharges the liability of the credit union to the member and the  
beneficiary, and the credit union shall be under no obligation to  
see to the application of the payment. Unless prior to the death  
of a member, the member has notified the credit union in writing  
in a form approved by the credit union of a different beneficiary  
to receive the proceeds of such shares or share accounts, then the  
proceeds shall be paid to the beneficiary or to the beneficiary's  
parent or legal representative. Any payment made pursuant to  
written instructions of the member or pursuant to the provisions  
herein contained shall be a valid and sufficient release and  
discharge of the credit union in connection with any such share or  
share accounts.

(I)(1) Except as otherwise provided in the articles or  
regulations, and subject to the provisions thereof, a minor may  
purchase shares, share accounts, or other depository instruments,  
and except for qualification as a voting member, the credit union  
may deal with the minor with respect to shares, share accounts, or  
other depository instruments owned by the minor as if the minor  
were a person of legal age.

(2) If shares, share accounts, or other depository  
instruments are issued in the name of a minor, redemption of any  
part or all of the shares or withdrawal of funds by payment to the  
minor of the shares or funds and any declared dividends or  
interest releases the credit union from all obligation to the  
minor as to the shares reduced or funds withdrawn.

(J) The regulations may require advance written notice of a

member's intention to withdraw the member's shares. Such advance 1922  
notice shall not exceed sixty days. 1923

**Sec. 1733.30.** (A) A credit union may make any investment of 1924  
any funds not required for the purpose of loans or not required to 1925  
meet the pledging requirements of Chapter 135. of the Revised 1926  
Code, in state or national banks or state or federally chartered 1927  
savings and loan associations, savings banks, or credit unions, 1928  
doing business in this state; in accounts, deposits, or shares of 1929  
federally insured savings and loan associations or savings banks 1930  
or insured credit unions, doing business outside this state; in 1931  
deposits or accounts of federally insured banks, trust companies, 1932  
and mutual savings banks doing business outside this state; in the 1933  
shares of a corporate credit union subject to the regulations of 1934  
that corporate credit union; in shares, stocks, or obligations of 1935  
any other organization providing services that are associated with 1936  
the routine operations of credit unions; or in United States 1937  
government securities or municipal bonds issued by municipalities 1938  
of this state; and, with the approval of the superintendent of 1939  
credit unions, in securities other than those specified in this 1940  
division. All investments under this division shall be made in 1941  
United States dollars. 1942

(B) In accordance with rules adopted by, and subject to the 1943  
approval of, the superintendent, notes or loans made by or to 1944  
individual members of a credit union may be purchased by another 1945  
credit union at such prices as may be agreed upon between the 1946  
credit unions. 1947

(C) A corporate credit union may make investments provided 1948  
the investments are in accordance with rules adopted by the 1949  
superintendent, are consistent with the safety and soundness of 1950  
the credit union, and are made with due regard to the investment 1951  
requirements established by the applicable insurer recognized 1952

under section 1733.041 of the Revised Code. 1953

**Sec. 1733.31.** For purposes of this section, "gross income" 1954  
means all income, before expenses, earned on risk assets. "Risk 1955  
assets" shall be defined by rule adopted by the superintendent of 1956  
credit unions. 1957

Each credit union shall establish and maintain reserves as 1958  
required by Chapter 1733. of the Revised Code, by Chapter 135. of 1959  
the Revised Code, if applicable, or by rules adopted by the 1960  
superintendent, including the following: 1961

(A) Valuation allowances for delinquent loans, investments, 1962  
other risk assets, and contingencies, which shall be established 1963  
and maintained pursuant to rules adopted ~~adopted~~ by the 1964  
superintendent. 1965

(B) A regular reserve as follows: 1966

(1) A credit union in operation for more than four years and 1967  
having assets of five hundred thousand dollars or more shall 1968  
reserve ten per cent of its gross income until its regular reserve 1969  
equals four per cent of its total risk assets. Once the credit 1970  
union has regular reserves equal to four per cent of its total 1971  
risk assets, it shall reserve five per cent of its gross income 1972  
until its regular reserve equals six per cent of its total risk 1973  
assets. 1974

(2) A credit union in operation for less than four years or 1975  
having assets of less than five hundred thousand dollars shall 1976  
reserve ten per cent of its gross income until its regular reserve 1977  
equals seven and one-half per cent of its total risk assets. Once 1978  
the credit union has regular reserves equal to seven and one-half 1979  
per cent of its total risk assets, it shall reserve five per cent 1980  
of its gross income until its regular reserve equals ten per cent 1981  
of its total risk assets. 1982



(3) The provision for loan losses, or other such provisions related to the valuation allowances described in division (A) of this section, recorded on the credit union's statement of income for the year shall be deducted from the appropriate regular reserve calculated under division (B)(1) or (2) of this section.

(4) Once the credit union has closed out its net income or loss to undivided earnings, it may allocate any extraordinary loss for the year, as defined by AICPA APB Opinion No. 30 or by rules as promulgated by the superintendent, to the regular reserve.

(5) If the regular reserve account becomes less than the percentage required by division (B)(1) or (2) of this section, then the schedule of allocation shall apply until the required percentages are achieved.

(6) The superintendent may decrease the reserve requirements under division (B)(1) or (2) of this section when, in the superintendent's opinion, a decrease is necessary or desirable and is consistent with the purposes of this section.

(7) Nothing herein shall prevent the superintendent from requiring a particular credit union or all credit unions to establish a regular reserve in excess of the percentages required by division (B)(1) or (2) of this section if, in the opinion of the superintendent, economic conditions or other appropriate circumstances so warrant.

(C) Except as otherwise provided in this division, each credit union shall maintain a liquidity fund equal to five per cent of its shares. The assets included in the liquidity fund shall be defined by rule adopted by the superintendent. The superintendent may require a particular credit union or all credit unions to establish a liquidity fund greater than or less than five per cent of total shares, if, in the opinion of the superintendent, economic conditions or other appropriate

circumstances so warrant. 2014

(D)(1) Reserves for corporate credit unions shall be 2015  
established by the superintendent with due regard for the 2016  
reserving requirements for corporate credit unions set by the 2017  
applicable insurer recognized under section 1733.041 of the 2018  
Revised Code. Specific reserving requirements shall be established 2019  
by rule of the superintendent, but shall substantially parallel 2020  
the reserving formula set by the applicable insurer recognized 2021  
under section 1733.041 of the Revised Code. 2022

(2) Nothing in division (D)(1) of this section shall prevent 2023  
the superintendent from requiring a particular corporate credit 2024  
union or all corporate credit unions to establish a regular 2025  
reserve in excess of those reserves established pursuant to 2026  
division (D)(1) of this section if, in the opinion of the 2027  
superintendent, economic conditions or other appropriate 2028  
circumstances so warrant. 2029

**Sec. 2909.32.** (A)(1) The director of public safety shall 2030  
adopt rules in accordance with Chapter 119. of the Revised Code to 2031  
identify licenses the state issues for which a holder with a 2032  
connection to a terrorist organization would present a potential 2033  
risk to the residents of this state. The rules shall not identify 2034  
a renewable driver's license or permit as a license of this nature 2035  
if the applicant is a resident of this state. 2036

(2)(a) The director shall prepare a document to serve as a 2037  
declaration of material assistance/nonassistance for agencies to 2038  
use to identify whether an applicant for a license or the renewal 2039  
of a license has provided material assistance to an organization 2040  
listed in the United States department of state terrorist 2041  
exclusion list. The declaration shall be substantially in the form 2042  
and of the same content as set forth in division (A)(2)(b) of this 2043  
section. The director shall make the declaration available to each 2044

issuing agency of a license the director identifies pursuant to 2045  
division (A)(1) of this section, along with a then-current copy of 2046  
the United States department of state terrorist exclusion list. 2047  
The director may adopt rules governing the preparation of the 2048  
declaration and the distribution of the declaration and the list. 2049

(b) The declaration of material assistance/nonassistance this 2050  
section requires shall be substantially as follows and shall 2051  
include the following questions and the associated spaces for 2052  
answering the questions: 2053

"DECLARATION REGARDING MATERIAL ASSISTANCE/NONASSISTANCE 2054  
TO TERRORIST ORGANIZATION 2055

(1) Are you a member of an organization on the U.S. 2056  
Department of State Terrorist Exclusion List? Yes .....; No ..... 2057

(2) Have you used any position of prominence you have within 2058  
any country to persuade others to support an organization on the 2059  
U.S. Department of State Terrorist Exclusion List? Yes .....; No 2060  
..... 2061

(3) Have you knowingly solicited funds or other things of 2062  
value for an organization on the U.S. Department of State 2063  
Terrorist Exclusion List? Yes .....; No ..... 2064

(4) Have you solicited any individual for membership in an 2065  
organization on the U.S. Department of State Terrorist Exclusion 2066  
List? Yes .....; No ..... 2067

(5) Have you committed an act that you know, or reasonably 2068  
should have known, affords "material support or resources" (see 2069  
below) to an organization on the U.S. Department of State 2070  
Terrorist Exclusion List? Yes .....; No ..... 2071

(6) Have you hired or compensated a person you knew to be a 2072  
member of an organization on the U.S. Department of State 2073  
Terrorist Exclusion List or a person you knew to be engaged in 2074  
planning, assisting, or carrying out an act of terrorism? Yes 2075

.....; No ..... 2076

For purposes of this declaration of material 2077  
assistance/nonassistance, "material support or resources" means 2078  
currency, payment instruments, other financial securities, funds, 2079  
transfer of funds, and financial services that are in excess of 2080  
one hundred dollars, as well as communications, lodging, training, 2081  
safe houses, false documentation or identification, communications 2082  
equipment, facilities, weapons, lethal substances, explosives, 2083  
personnel, transportation, and other physical assets, except 2084  
medicine or religious materials." 2085

(B)(1) Any agency that issues a license the director 2086  
identifies pursuant to division (A)(1) of this section shall 2087  
include with the agency's application form a copy of the 2088  
declaration of material assistance/nonassistance the director 2089  
prepares pursuant to this section and a then-current copy of the 2090  
terrorist exclusion list. The agency shall inform applicants that 2091  
they must truthfully answer each question. 2092

(2) Any person provided a declaration of material 2093  
assistance/nonassistance pursuant to this section shall answer 2094  
each question and attach the completed declaration to the 2095  
application for the license or the license renewal. 2096

(C)(1) Any answer of "yes" to any question, or the failure to 2097  
answer "no" to any question, on a declaration of material 2098  
assistance/nonassistance an agency provides pursuant to this 2099  
section shall serve for purposes of this section as a disclosure 2100  
that the applicant has provided material assistance to an 2101  
organization listed on the terrorist exclusion list. 2102

(2) Any person who discloses the provision of material 2103  
assistance to any organization on the terrorist exclusion list 2104  
shall be denied the license or the renewal of the license unless 2105  
the department of public safety reinstates the application 2106

pursuant to division (D) of this section. 2107

(3) Any licensing entity that denies a license or a renewal 2108  
of a license pursuant to this division shall send written notice 2109  
of that denial to the applicant within three business days of the 2110  
decision to deny. The notice shall inform the applicant of the 2111  
right to have the department of public safety review the denial if 2112  
the applicant requests a review within sixty days after the 2113  
mailing date of the notice. The licensing entity shall provide the 2114  
department of public safety with a copy of any notice that it 2115  
sends to an applicant pursuant to this division. 2116

(D) The department of public safety shall review any decision 2117  
to deny an application within thirty days of receiving an 2118  
applicant's request for a review. The department shall reinstate 2119  
the license application for good cause if it determines all of the 2120  
following pursuant to guidelines the director adopts by rule: 2121

(1) That the provision of material assistance to an 2122  
organization on the terrorist exclusion list was made more than 2123  
ten years prior to the time of the application, or the applicant 2124  
provided material assistance during the ten years prior to the 2125  
application and the date of the review, but at the time of the 2126  
assistance, the organization was either not on the list or was not 2127  
involved in any activity or conduct that would have merited 2128  
inclusion on the list had it existed at the time, or at the time 2129  
of the assistance it was not reasonable to know of the 2130  
organization's activities that would have merited its inclusion on 2131  
the list. 2132

(2) That the applicant is unlikely in the future to provide 2133  
material assistance to any organization on the terrorist exclusion 2134  
list; 2135

(3) That the applicant does not pose a risk to the residents 2136  
of this state. 2137

(E) The failure of an applicant for a license to complete and attach a declaration of material assistance/nonassistance as this section requires, the failure to disclose material assistance to an organization on the terrorist exclusion list, or the making of false statements regarding material assistance to an organization the applicant knew or should have known was on the terrorist exclusion list, shall result in the denial of the application and in the revocation of the license.

(F) The failure of an applicant for a license to disclose, as this section requires, the provision of material assistance to an organization on the terrorist exclusion list or knowingly making false statements regarding material assistance to an organization on that list is a felony of the fifth degree.

(G) An issuing agency shall notify the department of public safety if it denies an application for a license or the renewal of a license because the applicant disclosed the provision of material assistance to an organization listed on the terrorist exclusion list.

(H) An agency may revoke a license issued to any person who, after providing a declaration of material assistance/nonassistance pursuant to this section, takes an action that would result in "yes" being the correct answer to any question on the declaration, had the declaration been readministered after taking that action. The agency shall conduct a hearing pursuant to Chapter 119. of the Revised Code prior to revoking any license pursuant to this division.

(I) This section does not apply to a license issued to ~~either~~ any of the following:

(1) A federally insured depository institution that is subject to anti-money laundering and antiterrorism requirements under federal law, any subsidiary of such a depository

institution, or an officer or employee of such a depository 2169  
institution or subsidiary when that license is related to the 2170  
person's duties as an officer or employee; 2171

(2) Any affiliate of a depository institution described in 2172  
division (I)(1) of this section, other than an affiliate that is a 2173  
subsidiary of a depository institution, when that affiliate is 2174  
subject to anti-money laundering and antiterrorism requirements 2175  
under federal law, or an officer or employee of such an affiliate 2176  
when that license is related to the person's duties as an officer 2177  
or employee; 2178

(3) A credit union insured by the national credit union 2179  
administration or by a credit union share guaranty corporation as 2180  
defined in section 1761.01 of the Revised Code, that is subject to 2181  
anti-money laundering and antiterrorism requirements under federal 2182  
law, or an officer or employee of such a credit union when that 2183  
license is related to the person's duties as an officer or 2184  
employee; 2185

(4) A farm credit system institution insured by the farm 2186  
credit system insurance corporation that is subject to anti-money 2187  
laundering and antiterrorism requirements under federal law, or an 2188  
officer or employee of such an institution when that license is 2189  
related to the person's duties as an officer or employee. 2190

**Sec. 2909.33.** (A)(1) The director of public safety shall 2191  
prepare a document to serve as a declaration of material 2192  
assistance/nonassistance by which any person, company, affiliated 2193  
group, or organization, or person who holds, owns, or otherwise 2194  
has a controlling interest in a company, affiliated group, or 2195  
organization, when required by this section, shall certify any 2196  
provision of material assistance to an organization listed on the 2197  
United States department of state terrorist exclusion list. The 2198  
declaration shall be substantially in the same format and of the 2199

same content as set forth in division (A)(2)(b) of section 2909.32 2200  
of the Revised Code. 2201

(2) The director of public safety and the director of budget 2202  
and management shall make available on their respective department 2203  
web sites and by any other means the director of public safety 2204  
deems appropriate, the declaration of material 2205  
assistance/nonassistance and a then-current copy of the terrorist 2206  
exclusion list. The director of public safety, in consultation 2207  
with the director of budget and management, may adopt rules that 2208  
govern the preparation of the declaration and the distribution of 2209  
the declaration and terrorist exclusion list. 2210

(3)(a) Prior to entering into a contract to conduct business 2211  
with or receive funding from any state agency, instrumentality, or 2212  
political subdivision of the state any person, company, affiliated 2213  
group, or organization, or person who holds, owns, or otherwise 2214  
has a controlling interest in a company, affiliated group, or 2215  
organization, may precertify that it has not provided material 2216  
assistance to an organization on the terrorist exclusion list. The 2217  
precertification this division describes shall be granted to any 2218  
person, company, affiliated group, or organization that submits to 2219  
the director of budget and management a completed copy of the 2220  
declaration prepared pursuant to this section, with an answer of 2221  
"no" to all questions. No person shall require any person, 2222  
company, affiliated group, or organization that is precertified to 2223  
complete any additional declarations prior to the expiration of a 2224  
precertification. All precertifications expire the thirtieth day 2225  
of June of the second year of each state biennium period. To be 2226  
precertified during the two years subsequent to that expiration 2227  
date, an entity shall submit a new declaration to the director of 2228  
budget and management pursuant to rules the director adopts. 2229

(b) Any person, company, affiliated group, or organization 2230



that is precertified pursuant to this division and that takes any 2231  
action or learns of anything that would result in an answer of 2232  
"yes" to any question on the declaration of material 2233  
assistance/nonassistance this division requires, shall cease to 2234  
represent that it is precertified and, within thirty days of 2235  
taking that action or learning the new information, shall notify 2236  
the director of budget and management to request its 2237  
precertification be rescinded. 2238

(c) When applying for a contract, falsely representing 2239  
precertification, or representing precertification when that 2240  
precertification has been rescinded or should have been rescinded 2241  
pursuant to this division, is a felony of the fifth degree. 2242

(B) Any person who submits a declaration of material 2243  
assistance/nonassistance pursuant to this section shall complete 2244  
the entire declaration. Any answer of "yes" to any question, or 2245  
the failure to answer "no" to any question, on the declaration 2246  
shall serve for purposes of this section as a disclosure of the 2247  
provision of material assistance to an organization that is listed 2248  
on the terrorist exclusion list. 2249

(C)(1) Except as otherwise provided in divisions (C)(2) and 2250  
(H) of this section, prior to entering into a contract with any 2251  
state agency, instrumentality, or political subdivision to conduct 2252  
business or receive funding, any person, company, affiliated 2253  
group, or organization, and any person who holds, owns, or 2254  
otherwise has a controlling interest in a company, affiliated 2255  
group, or organization shall certify that it does not provide 2256  
material assistance to any organization on the United States 2257  
department of state terrorist exclusion list. The certification 2258  
shall be made by completing and submitting the declaration of 2259  
material assistance/nonassistance as described in division (A) of 2260  
this section. 2261

(2) Certification pursuant to this division shall not be 2262

required unless the entity entering into a contract for business 2263  
or funding has received, or will have received as a result of the 2264  
pending contract, an aggregate amount greater than one hundred 2265  
thousand dollars in business or funding, excluding the amount of 2266  
any personal benefit, from the state, instrumentalities, and 2267  
political subdivisions during the current fiscal year, measured 2268  
from the first day of July until the thirtieth day of June. 2269

(D)(1) No state agency, instrumentality, or political 2270  
subdivision shall conduct business with or provide any funding to 2271  
any person, company, affiliated group or organization, or any 2272  
person who has a controlling interest in a company, affiliated 2273  
group, or organization unless that person, company, affiliated 2274  
group, or organization is certified as this section requires. 2275

(2) No person, company, affiliated group or organization, or 2276  
any person who holds, owns, or otherwise has a controlling 2277  
interest in a company, affiliated group, or organization shall 2278  
enter into a contract to conduct business with or receive funding 2279  
from the state, an agency or instrumentality of the state, or a 2280  
political subdivision of the state unless it is certified as this 2281  
section requires. 2282

(E) For the purposes of this section, the office of budget 2283  
and management shall be the repository for all declarations 2284  
received pursuant to division (A)(3)(a) of this section and the 2285  
director of budget and management shall maintain a centralized 2286  
database of all such declarations received. If a person, company, 2287  
affiliated group, or organization discloses the provision of 2288  
material assistance to an organization listed on the terrorist 2289  
exclusion list, within three business days of that disclosure, the 2290  
director shall send the declarant a written notice of prohibition 2291  
against doing business or receiving funding. The notice shall 2292  
inform the declarant of the right to a review of the prohibition 2293  
by the department of public safety if the declarant requests that 2294

review within sixty days after the notice of prohibition was 2295  
mailed. The director shall send copy of any notice sent pursuant 2296  
to this division to the department of public safety. 2297

The department of public safety shall review any prohibition 2298  
within thirty days of the receipt of a request for a review and 2299  
determine whether the prohibitions against doing business or 2300  
receiving funding set forth in divisions (D)(1) and (D)(2) of this 2301  
section should apply. The department of public safety shall order 2302  
that the prohibitions do not apply if it determines all of the 2303  
following pursuant to guidelines the director adopts by rule: 2304

(1) That the provision of material assistance to an 2305  
organization on the terrorist exclusion list was made more than 2306  
ten years prior to the time the declaration of material 2307  
assistance/nonassistance was filled out, or the material 2308  
assistance was provided during the ten years prior to the 2309  
application and the date of the review, but at the time of the 2310  
assistance, the organization was either not on the list or would 2311  
not have merited inclusion had it existed at the time, or at the 2312  
time of the assistance it was not reasonable to know of the 2313  
organization's activities that would have merited its inclusion on 2314  
the list. 2315

(2) That it is unlikely in the future that the person, 2316  
company, affiliated group, or organization will provide material 2317  
assistance to any organization on the terrorist exclusion list; 2318

(3) The person, company, affiliated group, or organization 2319  
does not pose a risk to the residents of this state. 2320

(F) Any person, company, affiliated group, or organization 2321  
that had not provided material assistance at the time a 2322  
declaration of material assistance/nonassistance was answered, but 2323  
starts providing material assistance to an organization on the 2324  
terrorist exclusion list during the course of doing business with 2325

or receiving funding from the state, an agency or instrumentality 2326  
of the state, or a subdivision of the state, is prohibited from 2327  
entering into additional contracts to do business with or receive 2328  
funding from the state, any agency or instrumentality, or any 2329  
subdivision for a period of ten years after the provision of 2330  
material assistance is discovered. 2331

(G)(1) Any person, company, affiliated group, or organization 2332  
that knowingly provides a false certification pursuant to this 2333  
section is permanently banned from conducting business with or 2334  
receiving funding from the state, an agency or instrumentality of 2335  
the state, or a political subdivision of the state is guilty of a 2336  
felony of the fifth degree. 2337

(2) Any person, company, affiliated group, or organization 2338  
that fails to certify as this section requires is subject to a 2339  
fine of one thousand dollars for each day of doing business or 2340  
receiving funding, except that any person, company, affiliated 2341  
group, or organization that first reaches the threshold of one 2342  
hundred thousand dollars in business or funding, due to the 2343  
contract that it is entering into, shall not be subject to the 2344  
fine for the first thirty days after entering into that contract, 2345  
after which it shall be subject to the fine for each day that it 2346  
is not certified. 2347

(H) This section does not apply to the following types of 2348  
transactions: 2349

(1) An investment in a company that is publicly traded in any 2350  
United States market; 2351

(2) An investment that is traded on a foreign market where 2352  
United States investors regularly make investments; 2353

(3) An investment that is made through an agent or investment 2354  
manager who has a fiduciary responsibility to the investor; 2355

(4) An investment in public agency debt; 2356

(5) An investment in derivatives that are regulated by a government agency;	2357 2358
(6) Financial services provided by or through <del>either</del> <u>any</u> of the following:	2359 2360
(a) A federally insured depository institution that is subject to anti-money laundering and antiterrorism requirements under federal law or any subsidiary of such a depository institution;	2361 2362 2363 2364
(b) An affiliate of a depository institution described in division (H)(6)(a) of this section, other than an affiliate that is a subsidiary of the depository institution, when the affiliate is subject to anti-money laundering and antiterrorism requirements under federal law;	2365 2366 2367 2368 2369
<u>(c) A credit union insured by the national credit union administration or by a credit union share guaranty corporation as defined in section 1761.01 of the Revised Code, that is subject to anti-money laundering and antiterrorism requirements under federal law;</u>	2370 2371 2372 2373 2374
<u>(d) A farm credit system institution insured by the farm credit system insurance corporation that is subject to anti-money laundering and antiterrorism requirements under federal law.</u>	2375 2376 2377
"Financial services" include, but are not limited to, services related to currency, payment instruments, other financial securities, funds, and transfer of funds;	2378 2379 2380
(7) Any contract to conduct business or receive funding between state agencies, instrumentalities, or political subdivisions of the state;	2381 2382 2383
(8) Any person, company, affiliated group, or organization providing necessary, nonelective healthcare services.	2384 2385
(I) As used in this section, "personal benefit" means all of	2386

the following:	2387
(1) Pensions and disability and survivor benefits;	2388
(2) Money, goods, services, or other things of value provided by the United States, the state, or a political subdivision of the state to which the recipient is entitled by reason of age, medical condition, or a financial need that is established pursuant to an act of congress or the general assembly;	2389 2390 2391 2392 2393
(3) Salary or compensation a person receives as an employee of the state or a political subdivision of the state.	2394 2395
 <b>Section 2.</b> That existing sections 122.60, 122.71, 135.03, 135.032, 135.04, 135.06, 135.08, 135.10, 135.14, 135.144, 135.18, 135.32, 135.321, 135.33, 135.35, 135.353, 135.37, 135.51, 135.52, 135.53, 1733.04, 1733.041, 1733.24, 1733.30, 1733.31, 2909.32, and 2909.33 of the Revised Code are hereby repealed.	2396 2397 2398 2399 2400
 <b>Section 3.</b> Section 135.14 of the Revised Code is presented in this act as a composite of the section as amended by both Sub. H.B. 473 and Am. Sub. H.B. 640 of the 123rd General Assembly. The General Assembly, applying the principle stated in division (B) of section 1.52 of the Revised Code that amendments are to be harmonized if reasonably capable of simultaneous operation, finds that the composite is the resulting version of the section in effect prior to the effective date of the section as presented in this act.	2401 2402 2403 2404 2405 2406 2407 2408 2409