

**As Introduced**

**130th General Assembly  
Regular Session  
2013-2014**

**H. B. No. 221**

**Representatives Terhar, Heard**

**Cosponsors: Representatives Butler, Boyd, Gerberry, Becker, Perales,  
Lundy, Baker, Retherford, Mallory, Fedor, Young, Cera, Boose, Letson,  
Williams, Foley, Anielski**

—

**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, and 1733.31 and to enact 5  
sections 135.011, 135.031, and 135.322 of the 6  
Revised Code to permit credit unions to serve as 7  
public depositories under certain circumstances 8  
and to allow credit unions to participate in the 9  
Development Services Agency's Capital Access Loan 10  
Program and its various small business loan 11  
guarantee programs. 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, and 1733.31 be amended and 16  
sections 135.011, 135.031, and 135.322 of the Revised Code be 17  
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 of development" means the development services agency.

(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.

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

(F) "Minority business supplier development council" has the

same meaning as in section 122.71 of the Revised Code. 49

(G) "Participating financial institution" means a financial 50  
institution that has a valid, current participation agreement with 51  
the development services agency. 52

(H) "Participation agreement" means the agreement between a 53  
financial institution and the agency under which a financial 54  
institution may participate in the program. 55

(I) "Passive real estate ownership" means the ownership of 56  
real estate for the sole purpose of deriving income from it by 57  
speculation, trade, or rental. 58

(J) "Program" means the capital access loan program created 59  
under section 122.602 of the Revised Code. 60

(K) "Program reserve account" means a dedicated account at 61  
each participating financial institution that is the property of 62  
the state and may be used by the participating financial 63  
institution only for the purpose of recovering a claim under 64  
section 122.604 of the Revised Code arising from a default on a 65  
loan made by the participating financial institution under the 66  
program. 67

**Sec. 122.71.** As used in sections 122.71 to 122.83 of the 68  
Revised Code: 69

(A) "Financial institution" means any banking corporation, 70  
trust company, insurance company, savings and loan association, 71  
building and loan association, credit union, or corporation, 72  
partnership, federal lending agency, foundation, or other 73  
institution engaged in lending or investing funds for industrial 74  
or business purposes. 75

(B) "Project" means any real or personal property connected 76  
with or being a part of an industrial, distribution, commercial, 77  
or research facility to be acquired, constructed, reconstructed, 78

enlarged, improved, furnished, or equipped, or any combination 79  
thereof, with the aid provided under sections 122.71 to 122.83 of 80  
the Revised Code, for industrial, commercial, distribution, and 81  
research development of the state. 82

(C) "Mortgage" means the lien imposed on a project by a 83  
mortgage on real property, or by financing statements on personal 84  
property, or a combination of a mortgage and financing statements 85  
when a project consists of both real and personal property. 86

(D) "Mortgagor" means the principal user of a project or the 87  
person, corporation, partnership, or association unconditionally 88  
guaranteeing performance by the principal user of its obligations 89  
under the mortgage. 90

(E)(1) "Minority business enterprise" means an individual who 91  
is a United States citizen and owns and controls a business, or a 92  
partnership, corporation, or joint venture of any kind that is 93  
owned and controlled by United States citizens, which citizen or 94  
citizens are residents of this state and are members of one of the 95  
following economically disadvantaged groups: Blacks or African 96  
Americans, American Indians, Hispanics or Latinos, and Asians. 97

(2) "Owned and controlled" means that at least fifty-one per 98  
cent of the business, including corporate stock if a corporation, 99  
is owned by persons who belong to one or more of the groups set 100  
forth in division (E)(1) of this section, and that those owners 101  
have control over the management and day-to-day operations of the 102  
business and an interest in the capital, assets, and profits and 103  
losses of the business proportionate to their percentage of 104  
ownership. In order to qualify as a minority business enterprise, 105  
a business shall have been owned and controlled by those persons 106  
at least one year prior to being awarded a contract pursuant to 107  
this section. 108

(F) "Community improvement corporation" means a corporation 109

organized under Chapter 1724. of the Revised Code. 110

(G) "Ohio development corporation" means a corporation 111  
organized under Chapter 1726. of the Revised Code. 112

(H) "Minority contractors business assistance organization" 113  
means an entity engaged in the provision of management and 114  
technical business assistance to minority business enterprise 115  
entrepreneurs. 116

(I) "Minority business supplier development council" means a 117  
nonprofit organization established as an affiliate of the national 118  
minority supplier development council. 119

(J) "Regional economic development entity" means an entity 120  
that is under contract with the director of development to 121  
administer a loan program under this chapter in a particular area 122  
of the state. 123

(K) "Community development corporation" means a corporation 124  
organized under Chapter 1702. of the Revised Code that consists of 125  
residents of the community and business and civic leaders and that 126  
has as a principal purpose one or more of the following: the 127  
revitalization and development of a low- to moderate-income 128  
neighborhood or community; the creation of jobs for low- to 129  
moderate-income residents; the development of commercial 130  
facilities and services; providing training, technical assistance, 131  
and financial assistance to small businesses; and planning, 132  
developing, or managing low-income housing or other community 133  
development activities. 134

Sec. 135.011. As used in this chapter, "certificate of 135  
deposit" includes a share certificate of a credit union. 136

**Sec. 135.03.** (A) Any national bank, any bank doing business 137  
under authority granted by the superintendent of financial 138  
institutions, or any bank doing business under authority granted 139

by the regulatory authority of another state of the United States, 140  
located in this state, is eligible to become a public depository, 141  
subject to sections 135.01 to 135.21 of the Revised Code. No bank 142  
shall receive or have on deposit at any one time public moneys, 143  
including public moneys as defined in section 135.31 of the 144  
Revised Code, in an aggregate amount in excess of thirty per cent 145  
of its total assets, as shown in its latest report to the 146  
comptroller of the currency, the superintendent of financial 147  
institutions, the federal deposit insurance corporation, or the 148  
board of governors of the federal reserve system. 149

(B) Any federal savings association, any savings and loan 150  
association or savings bank doing business under authority granted 151  
by the superintendent of financial institutions, or any savings 152  
and loan association or savings bank doing business under 153  
authority granted by the regulatory authority of another state of 154  
the United States, located in this state, and authorized to accept 155  
deposits is eligible to become a public depository, subject to 156  
sections 135.01 to 135.21 of the Revised Code. No savings 157  
association, savings and loan association, or savings bank shall 158  
receive or have on deposit at any one time public moneys, 159  
including public moneys as defined in section 135.31 of the 160  
Revised Code, in an aggregate amount in excess of thirty per cent 161  
of its total assets, as shown in its latest report to the office 162  
of thrift supervision, the superintendent of financial 163  
institutions, the federal deposit insurance corporation, or the 164  
board of governors of the federal reserve system. 165

(C) Any federal credit union, any foreign credit union 166  
licensed pursuant to section 1733.39 of the Revised Code, or any 167  
credit union as defined in section 1733.01 of the Revised Code, 168  
located in this state, is eligible to become a public depository, 169  
subject to sections 135.01 to 135.21 of the Revised Code. No 170  
credit union shall receive or have on deposit at any one time 171

public moneys, including public moneys as defined in section 172  
135.31 of the Revised Code, in an aggregate amount in excess of 173  
thirty per cent of its total assets, as shown in its latest report 174  
to the superintendent of financial institutions or the national 175  
credit union administration. 176

**Sec. 135.031.** (A) Except as otherwise provided in division 177  
(B) of this section, an officer, employee, or agent of the state 178  
or of a subdivision shall not deposit public moneys in a credit 179  
union referred to in division (C) of section 135.03 of the Revised 180  
Code, unless the funds are being placed with the credit union for 181  
purposes of a linked deposit program established pursuant to this 182  
chapter and both of the following conditions are met: 183

(1) The credit union obtains insurance for the protection of 184  
the deposit from the national credit union association or a share 185  
guaranty corporation as defined in section 1761.01 of the Revised 186  
Code. 187

(2) The credit union pledges securities for the repayment of 188  
the deposit in accordance with section 135.18 of the Revised Code. 189

(B) An officer, employee, or agent of a subdivision may 190  
deposit public moneys in such a credit union other than for 191  
purposes of a linked deposit program established under this 192  
chapter if both of the following conditions are met: 193

(1) The credit union obtains insurance for the protection of 194  
the deposit from the national credit union association or a share 195  
guaranty corporation as defined in section 1761.01 of the Revised 196  
Code. 197

(2) The total amount the subdivision will have on deposit 198  
with the credit union does not exceed the amount insured. 199

(C) Nothing in this section shall be construed as restricting 200  
the participation of such a credit union in the capital access 201

loan program under sections 122.60 to 122.605 of the Revised Code. 202

**Sec. 135.032.** No bank ~~or~~, savings and loan association, or 203  
credit union is eligible to become a public depository or to 204  
receive any new public deposits pursuant to sections 135.01 to 205  
135.21 of the Revised Code, if: 206

(A) In the case of a bank, the bank or any of its directors, 207  
officers, employees, or controlling shareholders is currently a 208  
party to an active final or temporary cease-and-desist order 209  
issued under section 1121.32 of the Revised Code; 210

(B) In the case of an association, the association or any of 211  
its directors, officers, employees, or controlling persons is 212  
currently a party to an active final or summary cease-and-desist 213  
order issued under section 1155.02 of the Revised Code; 214

(C) In the case of a credit union, the credit union or any of 215  
its regulated individuals as defined in section 1733.01 of the 216  
Revised Code is currently a party to an active final or summary 217  
cease-and-desist order issued under section 1733.324 of the 218  
Revised Code. 219

**Sec. 135.04.** (A) Any institution mentioned in section 135.03 220  
of the Revised Code is eligible to become a public depository of 221  
the active deposits, inactive deposits, and interim deposits of 222  
public moneys of the state subject to the requirements of sections 223  
135.01 to 135.21 of the Revised Code. 224

(B) To facilitate the clearance of state warrants to the 225  
state treasury, the state board of deposit may delegate the 226  
authority to the treasurer of state to establish warrant clearance 227  
accounts in any institution mentioned in section 135.03 of the 228  
Revised Code located in areas where the volume of warrant 229  
clearances justifies the establishment of an account as determined 230  
by the treasurer of state. The balances maintained in such warrant 231



clearance accounts shall be at sufficient levels to cover the 232  
activity generated by such accounts on an individual basis. Any 233  
financial institution in the state that has a warrant clearance 234  
account established by the treasurer of state shall, not more than 235  
ten days after the close of each quarter, prepare and transmit to 236  
the treasurer of state an analysis statement of such account for 237  
the quarter then ended. Such statement shall contain such 238  
information as determined by the state board of deposit, and this 239  
information shall be used in whole or in part by the treasurer of 240  
state in determining the level of balances to be maintained in 241  
such accounts. 242

(C) Each governing board shall award the active deposits of 243  
public moneys subject to its control to the eligible institutions 244  
in accordance with this section, except that no such public 245  
depository shall thereby be required to take or permitted to 246  
receive and have at any one time a greater amount of active 247  
deposits of such public moneys than that specified in the 248  
application of such depository. When, by reason of such limitation 249  
or otherwise, the amount of active public moneys deposited or to 250  
be deposited in a public depository, pursuant to an award made 251  
under this section, is reduced or withdrawn, as the case requires, 252  
the amount of such reduction or the sum so withdrawn shall be 253  
deposited in another eligible institution applying therefor, or if 254  
there is no such eligible institution, then the amount so withheld 255  
or withdrawn shall be awarded or deposited for the remainder of 256  
the period of designation in accordance with sections 135.01 to 257  
135.21 of the Revised Code. 258

(D) Any institution mentioned in section 135.03 of the 259  
Revised Code is eligible to become a public depository of the 260  
inactive and interim deposits of public moneys of a subdivision. 261  
In case the aggregate amount of inactive or interim deposits 262  
applied for by such eligible institutions is less than the 263

aggregate maximum amount of such inactive or interim deposits as 264  
estimated to be deposited pursuant to sections 135.01 to 135.21 of 265  
the Revised Code, the governing board of the subdivision may 266  
designate as a public depository of the inactive or interim 267  
deposits of the public moneys thereof, one or more institutions of 268  
a kind mentioned in section 135.03 of the Revised Code, subject to 269  
the requirements of sections 135.01 to 135.21 of the Revised Code. 270

(E) Any institution mentioned in section 135.03 of the 271  
Revised Code is eligible to become a public depository of the 272  
active deposits of public moneys of a subdivision. In case the 273  
aggregate amount of active deposits of the public moneys of the 274  
subdivision applied for by such eligible institutions is less than 275  
the aggregate maximum amount to be deposited as such, as estimated 276  
by the governing board, said board may designate as a public 277  
depository of the active deposits of the public moneys of the 278  
subdivision, one or more institutions of the kind mentioned in 279  
section 135.03 of the Revised Code, subject to the requirements of 280  
sections 135.01 to 135.21 of the Revised Code. 281

(F)(1) The governing board of the state or of a subdivision 282  
may designate one or more minority banks or minority credit unions 283  
as public depositories of its inactive, interim, or active 284  
deposits of public moneys designated as federal funds. Except for 285  
section 135.18 or 135.181 of the Revised Code, ~~Chapter 135. of the~~ 286  
~~Revised Code~~ this chapter does not apply to the application for, 287  
or the award of, such deposits. As used in this division, 288  
"minority bank" or "minority credit union" means, as applicable, a 289  
bank or credit union operating in this state that is owned or 290  
controlled by one or more socially or economically disadvantaged 291  
persons. Such disadvantage may arise from cultural, ethnic, or 292  
racial background, chronic economic circumstances, or other 293  
similar cause. Such persons include, but are not limited to, 294  
Afro-Americans, Puerto Ricans, Spanish-speaking Americans, and 295

American Indians.	296
(2) In enacting this division, the general assembly finds that:	297
(a) Certain commercial banks <u>and credit unions</u> are owned or controlled by minority Americans;	298
(b) Minority banks <u>and minority credit unions</u> are an important source of banking services in their communities;	299
(c) Minority banks <u>and minority credit unions</u> have been unsuccessful in competing under <del>Chapter 135. of the Revised Code</del> <u>this chapter</u> for the award of federal funds;	300
(d) This division contains safeguards for the protection of the general public and the banking industry, since it provides the governing board of the state or political subdivision with permissive authority in the award of deposits; limits the authority of the governing board to the award of federal funds; and subjects minority banks <u>and minority credit unions</u> to certain limitations of <del>Chapter 135. of the Revised Code</del> <u>this chapter</u> , including the requirement that, as in the case of every financial institution subject to <del>Chapter 135. of the Revised Code</del> <u>this chapter</u> , a minority bank <u>or minority credit union</u> pledge certain securities for repayment of the deposits.	301
(3) The purpose of this division is to recognize that the state has a substantial and compelling interest in encouraging the establishment, development, and stability of minority banks <u>and minority credit unions</u> by facilitating their access to the award of federal funds, while ensuring the protection of the general public and the banking industry.	302
(G) The governing board of a subdivision shall award the first twenty-five thousand dollars of the active deposits of public moneys subject to its control to the eligible institution or institutions applying or qualifying therefor on the basis of	303
	304
	305
	306
	307
	308
	309
	310
	311
	312
	313
	314
	315
	316
	317
	318
	319
	320
	321
	322
	323
	324
	325
	326

the operating needs of the subdivision and shall award the active 327  
deposits of public moneys subject to its control in excess of 328  
twenty-five thousand dollars to the eligible institution or 329  
institutions applying or qualifying therefor. 330

**Sec. 135.06.** Each eligible institution desiring to be a 331  
public depository of the inactive deposits of the public moneys of 332  
the state or of the inactive deposits of the public moneys of the 333  
subdivision shall, not more than thirty days prior to the date 334  
fixed by section 135.12 of the Revised Code for the designation of 335  
such public depositories, make application therefor in writing to 336  
the proper governing board. Such application shall specify the 337  
maximum amount of such public moneys which the applicant desires 338  
to receive and have on deposit as an inactive deposit at any one 339  
time during the period covered by the designation, provided that 340  
it shall not apply for more than thirty per cent of its total 341  
assets as revealed by its latest report to the superintendent of 342  
financial institutions, the comptroller of the currency, the 343  
office of thrift supervision, the federal deposit insurance 344  
corporation, ~~or~~ the board of governors of the federal reserve 345  
system, or the national credit union administration and the rate 346  
of interest which the applicant will pay thereon, subject to the 347  
limitations of sections 135.01 to 135.21 of the Revised Code. Each 348  
application shall be accompanied by a financial statement of the 349  
applicant, under oath of its cashier, treasurer, or other officer, 350  
in such detail as to show the capital funds of the applicant, as 351  
of the date of its latest report to the superintendent of 352  
financial institutions, the comptroller of the currency, the 353  
office of thrift supervision, the federal deposit insurance 354  
corporation, ~~or~~ the board of governors of the federal reserve 355  
system, or the national credit union administration and adjusted 356  
to show any changes therein made prior to the date of the 357  
application. Such application may be combined with an application 358

for designation as a public depository of active deposits, interim 359  
deposits, or both. 360

**Sec. 135.08.** Each eligible institution desiring to be a 361  
public depository of interim deposits of the public moneys of the 362  
state or of the interim deposits of the public moneys of the 363  
subdivision shall, not more than thirty days prior to the date 364  
fixed by section 135.12 of the Revised Code for the designation of 365  
public depositories, make application therefor in writing to the 366  
proper governing board. Such application shall specify the maximum 367  
amount of such public moneys which the applicant desires to 368  
receive and have on deposit as interim deposits at any one time 369  
during the period covered by the designation, provided that it 370  
shall not apply for more than thirty per cent of its total assets 371  
as revealed by its latest report to the superintendent of 372  
financial institutions, the comptroller of the currency, the 373  
office of thrift supervision, the federal deposit insurance 374  
corporation, ~~or~~ the board of governors of the federal reserve 375  
system, or the national credit union administration and the rate 376  
of interest which the applicant will pay thereon, subject to the 377  
limitations of sections 135.01 to 135.21 of the Revised Code. 378

Each application shall be accompanied by a financial 379  
statement of the applicant, under oath of its cashier, treasurer, 380  
or other officer, in such detail as to show the capital funds of 381  
the applicant, as of the date of its latest report to the 382  
superintendent of financial institutions, the comptroller of the 383  
currency, the office of thrift supervision, the federal deposit 384  
insurance corporation, ~~or~~ the board of governors of the federal 385  
reserve system, or the national credit union administration and 386  
adjusted to show any changes therein made prior to the date of the 387  
application. Such application may be combined with an application 388  
for designation as a public depository of inactive deposits, 389  
active deposits, or both. 390

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

391  
392  
393  
394  
395  
396  
397  
398  
399  
400  
401  
402  
403  
404  
405  
406  
407  
408  
409  
410

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

411

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

412  
413

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

414  
415

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

416  
417  
418  
419

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

420

obligation or security issued by the United States treasury or any 421  
other obligation guaranteed as to principal and interest by the 422  
United States. 423

Nothing in the classification of eligible obligations set 424  
forth in division (B)(1) of this section or in the classifications 425  
of eligible obligations set forth in divisions (B)(2) to (7) of 426  
this section shall be construed to authorize any investment in 427  
stripped principal or interest obligations of such eligible 428  
obligations. 429

(2) Bonds, notes, debentures, or any other obligations or 430  
securities issued by any federal government agency or 431  
instrumentality, including but not limited to, the federal 432  
national mortgage association, federal home loan bank, federal 433  
farm credit bank, federal home loan mortgage corporation, 434  
government national mortgage association, and student loan 435  
marketing association. All federal agency securities shall be 436  
direct issuances of federal government agencies or 437  
instrumentalities. 438

(3) Interim deposits in the eligible institutions applying 439  
for interim moneys as provided in section 135.08 of the Revised 440  
Code. The award of interim deposits shall be made in accordance 441  
with section 135.09 of the Revised Code and the treasurer or the 442  
governing board shall determine the periods for which such interim 443  
deposits are to be made and shall award such interim deposits for 444  
such periods, provided that any eligible institution receiving an 445  
interim deposit award may, upon notification that the award has 446  
been made, decline to accept the interim deposit in which event 447  
the award shall be made as though the institution had not applied 448  
for such interim deposit. 449

(4) Bonds and other obligations of this state; 450

(5) No-load money market mutual funds consisting exclusively 451

of obligations described in division (B)(1) or (2) of this section 452  
and repurchase agreements secured by such obligations, provided 453  
that investments in securities described in this division are made 454  
only through eligible institutions mentioned in section 135.03 of 455  
the Revised Code; 456

(6) The Ohio subdivision's fund as provided in section 135.45 457  
of the Revised Code; 458

(7) Up to twenty-five per cent of interim moneys available 459  
for investment in either of the following: 460

(a) Commercial paper notes issued by an entity that is 461  
defined in division (D) of section 1705.01 of the Revised Code and 462  
that has assets exceeding five hundred million dollars, to which 463  
notes all of the following apply: 464

(i) The notes are rated at the time of purchase in the 465  
highest classification established by at least two nationally 466  
recognized standard rating services. 467

(ii) The aggregate value of the notes does not exceed ten per 468  
cent of the aggregate value of the outstanding commercial paper of 469  
the issuing corporation. 470

(iii) The notes mature not later than one hundred eighty days 471  
after purchase. 472

(b) Bankers acceptances of banks that are insured by the 473  
federal deposit insurance corporation and to which both of the 474  
following apply: 475

(i) The obligations are eligible for purchase by the federal 476  
reserve system. 477

(ii) The obligations mature not later than one hundred eighty 478  
days after purchase. 479

No investment shall be made pursuant to division (B)(7) of 480  
this section unless the treasurer or governing board has completed 481



additional training for making the investments authorized by 482  
division (B)(7) of this section. The type and amount of additional 483  
training shall be approved by the auditor of state and may be 484  
conducted by or provided under the supervision of the auditor of 485  
state. 486

(C) Nothing in the classifications of eligible obligations 487  
set forth in divisions (B)(1) to (7) of this section shall be 488  
construed to authorize any investment in a derivative, and no 489  
treasurer or governing board shall invest in a derivative. For 490  
purposes of this division, "derivative" means a financial 491  
instrument or contract or obligation whose value or return is 492  
based upon or linked to another asset or index, or both, separate 493  
from the financial instrument, contract, or obligation itself. Any 494  
security, obligation, trust account, or other instrument that is 495  
created from an issue of the United States treasury or is created 496  
from an obligation of a federal agency or instrumentality or is 497  
created from both is considered a derivative instrument. An 498  
eligible investment described in this section with a variable 499  
interest rate payment, based upon a single interest payment or 500  
single index comprised of other eligible investments provided for 501  
in division (B)(1) or (2) of this section, is not a derivative, 502  
provided that such variable rate investment has a maximum maturity 503  
of two years. 504

(D) Except as provided in division (E) of this section, any 505  
investment made pursuant to this section must mature within five 506  
years from the date of settlement, unless the investment is 507  
matched to a specific obligation or debt of the subdivision. 508

(E) The treasurer or governing board may also enter into a 509  
written repurchase agreement with any eligible institution 510  
mentioned in section 135.03 of the Revised Code or any eligible 511  
dealer pursuant to division (M) of this section, under the terms 512  
of which agreement the treasurer or governing board purchases, and 513

such institution or dealer agrees unconditionally to repurchase 514  
any of the securities listed in divisions (B)(1) to (5), except 515  
letters of credit described in division (B)(2), of section 135.18 516  
of the Revised Code. The market value of securities subject to an 517  
overnight written repurchase agreement must exceed the principal 518  
value of the overnight written repurchase agreement by at least 519  
two per cent. A written repurchase agreement shall not exceed 520  
thirty days and the market value of securities subject to a 521  
written repurchase agreement must exceed the principal value of 522  
the written repurchase agreement by at least two per cent and be 523  
marked to market daily. All securities purchased pursuant to this 524  
division shall be delivered into the custody of the treasurer or 525  
governing board or an agent designated by the treasurer or 526  
governing board. A written repurchase agreement with an eligible 527  
securities dealer shall be transacted on a delivery versus payment 528  
basis. The agreement shall contain the requirement that for each 529  
transaction pursuant to the agreement the participating 530  
institution or dealer shall provide all of the following 531  
information: 532

(1) The par value of the securities; 533

(2) The type, rate, and maturity date of the securities; 534

(3) A numerical identifier generally accepted in the 535  
securities industry that designates the securities. 536

No treasurer or governing board shall enter into a written 537  
repurchase agreement under the terms of which the treasurer or 538  
governing board agrees to sell securities owned by the subdivision 539  
to a purchaser and agrees with that purchaser to unconditionally 540  
repurchase those securities. 541

(F) No treasurer or governing board shall make an investment 542  
under this section, unless the treasurer or governing board, at 543  
the time of making the investment, reasonably expects that the 544

investment can be held until its maturity. 545

(G) No treasurer or governing board shall pay interim moneys 546  
into a fund established by another subdivision, treasurer, 547  
governing board, or investing authority, if that fund was 548  
established for the purpose of investing the public moneys of 549  
other subdivisions. This division does not apply to the payment of 550  
public moneys into either of the following: 551

(1) The Ohio subdivision's fund pursuant to division (B)(6) 552  
of this section; 553

(2) A fund created solely for the purpose of acquiring, 554  
constructing, owning, leasing, or operating municipal utilities 555  
pursuant to the authority provided under section 715.02 of the 556  
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 557

For purposes of division (G) of this section, "subdivision" 558  
includes a county. 559

(H) The use of leverage, in which the treasurer or governing 560  
board uses its current investment assets as collateral for the 561  
purpose of purchasing other assets, is prohibited. The issuance of 562  
taxable notes for the purpose of arbitrage is prohibited. 563  
Contracting to sell securities that have not yet been acquired by 564  
the treasurer or governing board, for the purpose of purchasing 565  
such securities on the speculation that bond prices will decline, 566  
is prohibited. 567

(I) Whenever, during a period of designation, the treasurer 568  
classifies public moneys as interim moneys, the treasurer shall 569  
notify the governing board of such action. The notification shall 570  
be given within thirty days after such classification and in the 571  
event the governing board does not concur in such classification 572  
or in the investments or deposits made under this section, the 573  
governing board may order the treasurer to sell or liquidate any 574  
of such investments or deposits, and any such order shall 575

specifically describe the investments or deposits and fix the date 576  
upon which they are to be sold or liquidated. Investments or 577  
deposits so ordered to be sold or liquidated shall be sold or 578  
liquidated for cash by the treasurer on the date fixed in such 579  
order at the then current market price. Neither the treasurer nor 580  
the members of the board shall be held accountable for any loss 581  
occasioned by sales or liquidations of investments or deposits at 582  
prices lower than their cost. Any loss or expense incurred in 583  
making such sales or liquidations is payable as other expenses of 584  
the treasurer's office. 585

(J) If any investments or deposits purchased under the 586  
authority of this section are issuable to a designated payee or to 587  
the order of a designated payee, the name of the treasurer and the 588  
title of the treasurer's office shall be so designated. If any 589  
such securities are registrable either as to principal or 590  
interest, or both, then such securities shall be registered in the 591  
name of the treasurer as such. 592

(K) The treasurer is responsible for the safekeeping of all 593  
documents evidencing a deposit or investment acquired by the 594  
treasurer under this section. Any securities may be deposited for 595  
safekeeping with a qualified trustee as provided in section 135.18 596  
of the Revised Code, except the delivery of securities acquired 597  
under any repurchase agreement under this section shall be made to 598  
a qualified trustee, provided, however, that the qualified trustee 599  
shall be required to report to the treasurer, governing board, 600  
auditor of state, or an authorized outside auditor at any time 601  
upon request as to the identity, market value, and location of the 602  
document evidencing each security, and that if the participating 603  
institution is a designated depository of the subdivision for the 604  
current period of designation, the securities that are the subject 605  
of the repurchase agreement may be delivered to the treasurer or 606  
held in trust by the participating institution on behalf of the 607

subdivision. Interest earned on any investments or deposits 608  
authorized by this section shall be collected by the treasurer and 609  
credited by the treasurer to the proper fund of the subdivision. 610

Upon the expiration of the term of office of a treasurer or 611  
in the event of a vacancy in the office of treasurer by reason of 612  
death, resignation, removal from office, or otherwise, the 613  
treasurer or the treasurer's legal representative shall transfer 614  
and deliver to the treasurer's successor all documents evidencing 615  
a deposit or investment held by the treasurer. For the investments 616  
and deposits so transferred and delivered, such treasurer shall be 617  
credited with and the treasurer's successor shall be charged with 618  
the amount of money held in such investments and deposits. 619

(L) Whenever investments or deposits acquired under this 620  
section mature and become due and payable, the treasurer shall 621  
present them for payment according to their tenor, and shall 622  
collect the moneys payable thereon. The moneys so collected shall 623  
be treated as public moneys subject to sections 135.01 to 135.21 624  
of the Revised Code. 625

(M)(1) All investments, except for investments in securities 626  
described in divisions (B)(5) and (6) of this section and for 627  
investments by a municipal corporation in the issues of such 628  
municipal corporation, shall be made only through a member of the 629  
national association of securities dealers, through a bank, 630  
savings bank, ~~or~~ savings and loan association, or credit union 631  
regulated by the superintendent of financial institutions, or 632  
through an institution regulated by the comptroller of the 633  
currency, the federal deposit insurance corporation, ~~or~~ the board 634  
of governors of the federal reserve system, or the national credit 635  
union administration. 636

(2) Payment for investments shall be made only upon the 637  
delivery of securities representing such investments to the 638  
treasurer, governing board, or qualified trustee. If the 639

securities transferred are not represented by a certificate, 640  
payment shall be made only upon receipt of confirmation of 641  
transfer from the custodian by the treasurer, governing board, or 642  
qualified trustee. 643

(N) In making investments authorized by this section, a 644  
treasurer or governing board may retain the services of an 645  
investment advisor, provided the advisor is licensed by the 646  
division of securities under section 1707.141 of the Revised Code 647  
or is registered with the securities and exchange commission, and 648  
possesses experience in public funds investment management, 649  
specifically in the area of state and local government investment 650  
portfolios, or the advisor is an eligible institution mentioned in 651  
section 135.03 of the Revised Code. 652

(O)(1) Except as otherwise provided in divisions (O)(2) and 653  
(3) of this section, no treasurer or governing board shall make an 654  
investment or deposit under this section, unless there is on file 655  
with the auditor of state a written investment policy approved by 656  
the treasurer or governing board. The policy shall require that 657  
all entities conducting investment business with the treasurer or 658  
governing board shall sign the investment policy of that 659  
subdivision. All brokers, dealers, and financial institutions, 660  
described in division (M)(1) of this section, initiating 661  
transactions with the treasurer or governing board by giving 662  
advice or making investment recommendations shall sign the 663  
treasurer's or governing board's investment policy thereby 664  
acknowledging their agreement to abide by the policy's contents. 665  
All brokers, dealers, and financial institutions, described in 666  
division (M)(1) of this section, executing transactions initiated 667  
by the treasurer or governing board, having read the policy's 668  
contents, shall sign the investment policy thereby acknowledging 669  
their comprehension and receipt. 670

(2) If a written investment policy described in division 671

(O)(1) of this section is not filed on behalf of the subdivision 672  
with the auditor of state, the treasurer or governing board of 673  
that subdivision shall invest the subdivision's interim moneys 674  
only in interim deposits pursuant to division (B)(3) of this 675  
section, no-load money market mutual funds pursuant to division 676  
(B)(5) of this section, or the Ohio subdivision's fund pursuant to 677  
division (B)(6) of this section. 678

(3) Divisions (O)(1) and (2) of this section do not apply to 679  
a treasurer or governing board of a subdivision whose average 680  
annual portfolio of investments held pursuant to this section is 681  
one hundred thousand dollars or less, provided that the treasurer 682  
or governing board certifies, on a form prescribed by the auditor 683  
of state, that the treasurer or governing board will comply and is 684  
in compliance with the provisions of sections 135.01 to 135.21 of 685  
the Revised Code. 686

(P) A treasurer or governing board may enter into a written 687  
investment or deposit agreement that includes a provision under 688  
which the parties agree to submit to nonbinding arbitration to 689  
settle any controversy that may arise out of the agreement, 690  
including any controversy pertaining to losses of public moneys 691  
resulting from investment or deposit. The arbitration provision 692  
shall be set forth entirely in the agreement, and the agreement 693  
shall include a conspicuous notice to the parties that any party 694  
to the arbitration may apply to the court of common pleas of the 695  
county in which the arbitration was held for an order to vacate, 696  
modify, or correct the award. Any such party may also apply to the 697  
court for an order to change venue to a court of common pleas 698  
located more than one hundred miles from the county in which the 699  
treasurer or governing board is located. 700

For purposes of this division, "investment or deposit 701  
agreement" means any agreement between a treasurer or governing 702  
board and a person, under which agreement the person agrees to 703

invest, deposit, or otherwise manage a subdivision's interim 704  
moneys on behalf of the treasurer or governing board, or agrees to 705  
provide investment advice to the treasurer or governing board. 706

(Q) An investment made by the treasurer or governing board 707  
pursuant to this section prior to September 27, 1996, that was a 708  
legal investment under the law as it existed before September 27, 709  
1996, may be held until maturity, or if the investment does not 710  
have a maturity date, it may be held until five years from 711  
September 27, 1996, regardless of whether the investment would 712  
qualify as a legal investment under the terms of this section as 713  
amended. 714

**Sec. 135.144.** (A) In addition to the authority provided in 715  
section 135.14 or 135.143 of the Revised Code, the treasurer of 716  
state or the treasurer or governing board of a political 717  
subdivision may invest interim moneys in certificates of deposit 718  
in accordance with all of the following: 719

(1) The interim moneys initially are deposited with an 720  
eligible public depository described in section 135.03 of the 721  
Revised Code and selected, pursuant to section 135.12 of the 722  
Revised Code, by the treasurer of state or the treasurer or 723  
governing board of a political subdivision, for interim moneys of 724  
the state or of the political subdivision. 725

(2) For the treasurer of state or the treasurer or governing 726  
board of the political subdivision depositing the interim moneys 727  
pursuant to division (A)(1) of this section, the eligible public 728  
depository selected pursuant to that division invests the interim 729  
moneys in certificates of deposit of one or more federally insured 730  
banks, savings banks, or savings and loan associations, or credit 731  
unions insured pursuant to section 1733.041 of the Revised Code, 732  
wherever located. The full amount of principal and any accrued 733  
interest of each certificate of deposit invested in pursuant to 734



division (A)(2) of this section shall be insured by federal 735  
deposit insurance, or by the national credit union administration 736  
or a share guaranty corporation as defined in section 1761.01 of 737  
the Revised Code, as applicable. 738

(3) For the treasurer of state or the treasurer or governing 739  
board of the political subdivision depositing the interim moneys 740  
pursuant to division (A)(1) of this section, the eligible public 741  
depository selected pursuant to that division acts as custodian of 742  
the certificates of deposit described in division (A)(2) of this 743  
section. 744

(4) On the same date the public moneys are redeposited by the 745  
public depository, the public depository may, in its sole 746  
discretion, choose whether to receive deposits, in any amount, 747  
from other banks, savings banks, or savings and loan associations. 748

(5) The public depository provides to the treasurer of state 749  
or the treasurer or governing board of a political subdivision a 750  
monthly account statement that includes the amount of its funds 751  
deposited and held at each bank, savings bank, ~~or~~ savings and loan 752  
association, or credit union for which the public depository acts 753  
as a custodian pursuant to this section. 754

(B) Interim moneys deposited or invested in accordance with 755  
division (A) of this section are not subject to any pledging 756  
requirements described in section 135.18 or 135.181 of the Revised 757  
Code. 758

**Sec. 135.18.** (A) The treasurer, before making the initial 759  
deposit in a public depository pursuant to an award made under 760  
sections 135.01 to 135.21 of the Revised Code, except as provided 761  
in section 135.144 or 135.145 of the Revised Code, shall require 762  
the institution designated as a public depository to pledge to and 763  
deposit with the treasurer, as security for the repayment of all 764  
public moneys to be deposited in the public depository during the 765

period of designation pursuant to the award, eligible securities 766  
of aggregate market value equal to the excess of the amount of 767  
public moneys to be at the time so deposited, over and above the 768  
portion or amount of such moneys as is at that time insured by the 769  
federal deposit insurance corporation ~~or by~~, any other agency or 770  
instrumentality of the federal government, or a credit union share 771  
guaranty corporation as defined in section 1761.01 of the Revised 772  
Code. In the case of any deposit other than the initial deposit 773  
made during the period of designation, the amount of the aggregate 774  
market value of securities required to be pledged and deposited 775  
shall be equal to the difference between the amount of public 776  
moneys on deposit in such public depository plus the amount to be 777  
so deposited, minus the portion or amount of the aggregate as is 778  
at the time insured as provided in this section. The treasurer may 779  
require additional eligible securities to be deposited to provide 780  
for any depreciation which may occur in the market value of any of 781  
the securities so deposited. 782

(B) The following securities shall be eligible for the 783  
purposes of this section: 784

(1) Bonds, notes, or other obligations of the United States; 785  
or bonds, notes, or other obligations guaranteed as to principal 786  
and interest by the United States or those for which the faith of 787  
the United States is pledged for the payment of principal and 788  
interest thereon, by language appearing in the instrument 789  
specifically providing such guarantee or pledge and not merely by 790  
interpretation or otherwise; 791

(2) Bonds, notes, debentures, letters of credit, or other 792  
obligations or securities issued by any federal government agency 793  
or instrumentality, or the export-import bank of Washington; 794  
bonds, notes, or other obligations guaranteed as to principal and 795  
interest by the United States or those for which the faith of the 796  
United States is pledged for the payment of principal and interest 797

thereon, by interpretation or otherwise and not by language	798
appearing in the instrument specifically providing such guarantee	799
or pledge;	800
(3) Obligations of or fully insured or fully guaranteed by	801
the United States or any federal government agency or	802
instrumentality;	803
(4) Obligations partially insured or partially guaranteed by	804
any federal agency or instrumentality;	805
(5) Obligations of or fully guaranteed by the federal	806
national mortgage association, federal home loan mortgage	807
corporation, federal farm credit bank, or student loan marketing	808
association;	809
(6) Bonds and other obligations of this state;	810
(7) Bonds and other obligations of any county, township,	811
school district, municipal corporation, or other legally	812
constituted taxing subdivision of this state, which is not at the	813
time of such deposit, in default in the payment of principal or	814
interest on any of its bonds or other obligations, for which the	815
full faith and credit of the issuing subdivision is pledged;	816
(8) Bonds of other states of the United States which have not	817
during the ten years immediately preceding the time of such	818
deposit defaulted in payments of either interest or principal on	819
any of their bonds;	820
(9) Shares of no-load money market mutual funds consisting	821
exclusively of obligations described in division (B)(1) or (2) of	822
this section and repurchase agreements secured by such	823
obligations;	824
(10) A surety bond issued by a corporate surety licensed by	825
the state and authorized to issue surety bonds in this state	826
pursuant to Chapter 3929. of the Revised Code, and qualified to	827

provide surety bonds to the federal government pursuant to 96 828  
Stat. 1047 (1982), 31 U.S.C.A. 9304; 829

(11) Bonds or other obligations of any county, municipal 830  
corporation, or other legally constituted taxing subdivision of 831  
another state of the United States, or of any instrumentality of 832  
such county, municipal corporation, or other taxing subdivision, 833  
for which the full faith and credit of the issuer is pledged and, 834  
at the time of purchase of the bonds or other obligations, rated 835  
in one of the two highest categories by at least one nationally 836  
recognized standard rating service. 837

(C) If the public depository fails to pay over any part of 838  
the public deposit made therein as provided by law, the treasurer 839  
shall sell at public sale any of the bonds or other securities 840  
deposited with the treasurer pursuant to this section or section 841  
131.09 of the Revised Code, or shall draw on any letter of credit 842  
to the extent of the failure to pay. Thirty days' notice of the 843  
sale shall be given in a newspaper of general circulation at 844  
Columbus, in the case of the treasurer of state, and at the county 845  
seat of the county in which the office of the treasurer is 846  
located, in the case of any other treasurer. When a sale of bonds 847  
or other securities has been so made and upon payment to the 848  
treasurer of the purchase money, the treasurer shall transfer such 849  
bonds or securities whereupon the absolute ownership of such bonds 850  
or securities shall pass to the purchasers. Any surplus remaining 851  
after deducting the amount due the state or subdivision and 852  
expenses of sale shall be paid to the public depository. 853

(D) An institution designated as a public depository may, by 854  
written notice to the treasurer, designate a qualified trustee and 855  
deposit the eligible securities required by this section with the 856  
trustee for safekeeping for the account of the treasurer and the 857  
institution as a public depository, as their respective rights to 858  
and interests in such securities under this section may appear and 859

be asserted by written notice to or demand upon the trustee. In 860  
which case, the treasurer shall accept the written receipt of the 861  
trustee describing the securities that have been deposited with 862  
the trustee by the public depository, a copy of which shall also 863  
be delivered to the public depository. Thereupon all securities so 864  
deposited with the trustee are deemed to be pledged with the 865  
treasurer and to be deposited with the treasurer, for all the 866  
purposes of this section. 867

(E) The governing board may make provisions for the exchange 868  
and release of securities and the substitution of other eligible 869  
securities therefor except where the public depository has 870  
deposited eligible securities with a trustee for safekeeping as 871  
provided in this section. 872

(F) When the public depository has deposited eligible 873  
securities described in division (B)(1) of this section with a 874  
trustee for safekeeping, the public depository may at any time 875  
substitute or exchange eligible securities described in division 876  
(B)(1) of this section having a current market value equal to or 877  
greater than the current market value of the securities then on 878  
deposit and for which they are to be substituted or exchanged, 879  
without specific authorization from any governing board, boards, 880  
or treasurer of any such substitution or exchange. 881

(G) When the public depository has deposited eligible 882  
securities described in divisions (B)(2) to (9) of this section 883  
with a trustee for safekeeping, the public depository may at any 884  
time substitute or exchange eligible securities having a current 885  
market value equal to or greater than the current market value of 886  
the securities then on deposit and for which they are to be 887  
substituted or exchanged without specific authorization of any 888  
governing board, boards, or treasurer of any such substitution or 889  
exchange only if: 890

(1) The treasurer has authorized the public depository to 891

make such substitution or exchange on a continuing basis during a 892  
specified period without prior approval of each substitution or 893  
exchange. The authorization may be effected by the treasurer 894  
sending to the trustee a written notice stating that substitution 895  
may be effected on a continuing basis during a specified period 896  
which shall not extend beyond the end of the period of designation 897  
during which the notice is given. The trustee may rely upon this 898  
notice and upon the period of authorization stated therein and 899  
upon the period of designation stated therein. 900

(2) No continuing authorization for substitution has been 901  
given by the treasurer, the public depository notifies the 902  
treasurer and the trustee of an intended substitution or exchange, 903  
and the treasurer fails to object to the trustee as to the 904  
eligibility or market value of the securities being substituted 905  
within ten calendar days after the date appearing on the notice of 906  
proposed substitution. The notice to the treasurer and to the 907  
trustee shall be given in writing and delivered personally or by 908  
certified or registered mail with a return receipt requested. The 909  
trustee may assume in any case that the notice has been delivered 910  
to the treasurer. In order for objections of the treasurer to be 911  
effective, receipt of the objections must be acknowledged in 912  
writing by the trustee. 913

(3) The treasurer gives written authorization for a 914  
substitution or exchange of specific securities. 915

(H) The public depository shall notify any governing board, 916  
boards, or treasurer of any substitution or exchange under 917  
division (G)(1) or (2) of this section. Upon request from the 918  
treasurer, the trustee shall furnish a statement of the securities 919  
pledged against such public deposits. 920

(I) Any federal reserve bank or branch thereof located in 921  
this state or federal home loan bank, without compliance with 922  
Chapter 1111. of the Revised Code and without becoming subject to 923

any other law of this state relative to the exercise by 924  
corporations of trust powers generally, is qualified to act as 925  
trustee for the safekeeping of securities, under this section. Any 926  
institution mentioned in section 135.03 of the Revised Code that 927  
holds a certificate of qualification issued by the superintendent 928  
of financial institutions or any institution complying with 929  
sections 1111.04, 1111.05, and 1111.06 of the Revised Code, is 930  
qualified to act as trustee for the safekeeping of securities, 931  
other than those belonging to itself, under this section. Upon 932  
application to the superintendent in writing by an institution, 933  
the superintendent shall investigate the applicant and ascertain 934  
whether or not it has been authorized to execute and accept trusts 935  
in this state and has safe and adequate vaults and efficient 936  
supervision thereof for the storage and safekeeping within this 937  
state of securities. If the superintendent finds that the 938  
applicant has been so authorized and has such vaults and 939  
supervision thereof, the superintendent shall approve the 940  
application and issue a certificate to that effect, the original 941  
or any certified copy of which shall be conclusive evidence that 942  
the institution therein named is qualified to act as trustee for 943  
the purposes of this section with respect to securities other than 944  
those belonging to itself. 945

Notwithstanding the fact that a public depository is required 946  
to pledge eligible securities in certain amounts to secure 947  
deposits of public moneys, a trustee has no duty or obligation to 948  
determine the eligibility, market value, or face value of any 949  
securities deposited with the trustee by a public depository. This 950  
applies in all situations including, without limitation, a 951  
substitution or exchange of securities. 952

Any charges or compensation of a designated trustee for 953  
acting as such under this section shall be paid by the public 954  
depository and in no event shall be chargeable to the state or the 955

subdivision or to the treasurer or to any officer of the state or 956  
subdivision. The charges or compensation shall not be a lien or 957  
charge upon the securities deposited for safekeeping prior or 958  
superior to the rights to and interests in the securities of the 959  
state or the subdivision or of the treasurer. The treasurer and 960  
the treasurer's bonders or surety shall be relieved from any 961  
liability to the state or the subdivision or to the public 962  
depository for the loss or destruction of any securities deposited 963  
with a qualified trustee pursuant to this section. 964

**Sec. 135.32.** (A) Any national bank, any bank doing business 965  
under authority granted by the superintendent of financial 966  
institutions, or any bank doing business under authority granted 967  
by the regulatory authority of another state of the United States, 968  
located in this state, is eligible to become a public depository, 969  
subject to sections 135.31 to 135.40 of the Revised Code. No bank 970  
shall receive or have on deposit at any one time public moneys, 971  
including public moneys as defined in section 135.01 of the 972  
Revised Code, in an aggregate amount in excess of thirty per cent 973  
of its total assets, as shown in its latest report to the 974  
comptroller of the currency, the superintendent of financial 975  
institutions, the federal deposit insurance corporation, or the 976  
board of governors of the federal reserve system. 977

(B) Any federal savings association, any savings and loan 978  
association or savings bank doing business under authority granted 979  
by the superintendent of financial institutions, or any savings 980  
and loan association or savings bank doing business under 981  
authority granted by the regulatory authority of another state of 982  
the United States, located in this state, and authorized to accept 983  
deposits is eligible to become a public depository, subject to 984  
sections 135.31 to 135.40 of the Revised Code. No savings 985  
association, savings and loan association, or savings bank shall 986  
receive or have on deposit at any one time public moneys, 987



including public moneys as defined in section 135.01 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 office of thrift supervision, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(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 135.31 to 135.40 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 135.01 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.

**Sec. 135.321.** No bank ~~or~~, savings and loan association, or credit union is eligible to become a public depository or to receive any new public deposits pursuant to sections 135.31 to 135.40 of the Revised Code, if:

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

(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 1019  
cease-and-desist order issued under section 1733.324 of the 1020  
Revised Code. 1021

Sec. 135.322. (A) Except as otherwise provided in division 1022  
(B) of this section, an officer, employee, or agent of a county 1023  
shall not deposit public moneys in a credit union, as referred to 1024  
in division (C) of section 135.32 of the Revised Code, unless the 1025  
funds are being placed with the credit union for purposes of a 1026  
linked deposit program established pursuant to this chapter and 1027  
both of the following conditions are met: 1028

(1) The credit union obtains insurance for the protection of 1029  
the deposit from the national credit union association or a share 1030  
guaranty corporation as defined in section 1761.01 of the Revised 1031  
Code. 1032

(2) The credit union pledges securities for the repayment of 1033  
the deposit in accordance with section 135.37 of the Revised Code. 1034

(B) An officer, employee, or agent of a county may deposit 1035  
public moneys in such a credit union other than for purposes of a 1036  
linked deposit program established under this chapter if both of 1037  
the following conditions are met: 1038

(1) The credit union obtains insurance for the protection of 1039  
the deposit from the national credit union association or a share 1040  
guaranty corporation as defined in section 1761.01 of the Revised 1041  
Code. 1042

(2) The total amount the county will have on deposit with the 1043  
credit union does not exceed the amount insured. 1044

Sec. 135.33. (A) The board of county commissioners shall meet 1045  
every four years in the month next preceding the date of the 1046  
expiration of its current period of designation for the purpose of 1047  
designating its public depositories of active moneys for the next 1048

succeeding four-year period commencing on the date of expiration 1049  
of the preceding period. 1050

At least sixty days before the meeting, the county treasurer 1051  
shall submit to the board an estimate of the aggregate amount of 1052  
public moneys that might be available for deposit as active moneys 1053  
at any one time during the next four-year period. Upon receipt of 1054  
such estimate, the board shall immediately notify all eligible 1055  
institutions that might desire to be designated as such public 1056  
depositories of the date on which the designation is to be made; 1057  
the amount that has been estimated to be available for deposit; 1058  
and the date fixed as the last date on which applications may be 1059  
submitted, that shall not be more than thirty days or less than 1060  
ten days prior to the date set for the meeting designating public 1061  
depositories. 1062

(B) Any eligible institution described in division (A) or (C) 1063  
of section 135.32 of the Revised Code that has an office located 1064  
within the territorial limits of the county is eligible to become 1065  
a public depository of the active moneys of the county. Each 1066  
eligible institution desiring to be a public depository of such 1067  
active moneys shall, not more than thirty days or less than ten 1068  
days prior to the date fixed by this section, make application 1069  
~~therefor~~ therefore in writing to the board of county 1070  
commissioners. The application may specify the maximum amount of 1071  
such public moneys that the applicant desires to receive and have 1072  
on deposit at any time during the period covered by the 1073  
designation. Each application shall be accompanied by a financial 1074  
statement of the applicant, under oath of its cashier, treasurer, 1075  
or other officer as of the date of its latest report to the 1076  
superintendent of ~~banks or~~ financial institutions, the comptroller 1077  
of the currency, or the national credit union administration and 1078  
adjusted to show any changes therein prior to the date of the 1079  
application, that shall include a statement of its public and 1080

nonpublic deposits. 1081

(C) The board of county commissioners, upon recommendation of 1082  
the treasurer, shall designate, by resolution, one or more 1083  
eligible institutions as public depositories for active moneys. In 1084  
case the aggregate amount of active moneys applied for by 1085  
institutions within the county is less than the amount estimated 1086  
to be available for deposit, the board may designate as a public 1087  
depository one or more eligible institutions that are conveniently 1088  
located. The original resolution of designation shall be certified 1089  
to the treasurer and any institution designated as a public 1090  
depository. 1091

(D) No service charge shall be made against any deposit of 1092  
active moneys, or collected or paid, unless such service charge is 1093  
the same as is customarily imposed by institutions receiving money 1094  
on deposit subject to check, in which event the charge may be 1095  
paid. 1096

(E) Notwithstanding division (C) of this section, the board 1097  
of county commissioners may authorize, by resolution, the 1098  
treasurer to deposit money necessary to pay the principal and 1099  
interest on bonds and notes, and any fees incident thereto, in any 1100  
bank or credit union within this state. 1101

Moneys so deposited shall be transferred by the treasurer 1102  
according to the terms of the agreement with the bank or credit 1103  
union but shall remain as public moneys until such time as they 1104  
are actually paid out by the bank or credit union. Until such time 1105  
as payments become due and payable on such principal or interest, 1106  
the bank or credit union shall invest any moneys in the account in 1107  
interest-bearing obligations at the highest, reasonable rate of 1108  
interest obtainable. 1109

So long as moneys remain in the account, the bank or credit 1110  
union shall deliver to the treasurer, at the end of each month, a 1111

statement showing an accounting of all activities in the account 1112  
during the preceding month including, but not limited to, all 1113  
payments made, all interest earned, and the beginning and ending 1114  
balances, together with any coupons redeemed since the preceding 1115  
statement was issued. 1116

**Sec. 135.35.** (A) The investing authority shall deposit or 1117  
invest any part or all of the county's inactive moneys and shall 1118  
invest all of the money in the county public library fund when 1119  
required by section 135.352 of the Revised Code. The following 1120  
classifications of securities and obligations are eligible for 1121  
such deposit or investment: 1122

(1) United States treasury bills, notes, bonds, or any other 1123  
obligation or security issued by the United States treasury, any 1124  
other obligation guaranteed as to principal or interest by the 1125  
United States, or any book entry, zero-coupon United States 1126  
treasury security that is a direct obligation of the United 1127  
States. 1128

Nothing in the classification of eligible securities and 1129  
obligations set forth in divisions (A)(2) to (11) of this section 1130  
shall be construed to authorize any investment in stripped 1131  
principal or interest obligations of such eligible securities and 1132  
obligations. 1133

(2) Bonds, notes, debentures, or any other obligations or 1134  
securities issued by any federal government agency or 1135  
instrumentality, including, but not limited to, the federal 1136  
national mortgage association, federal home loan bank, federal 1137  
farm credit bank, federal home loan mortgage corporation, 1138  
government national mortgage association, and student loan 1139  
marketing association. All federal agency securities shall be 1140  
direct issuances of federal government agencies or 1141  
instrumentalities. 1142

(3) Time certificates of deposit or savings or deposit	1143
accounts, including, but not limited to, passbook accounts, in any	1144
eligible institution mentioned in section 135.32 of the Revised	1145
Code;	1146
(4) Bonds and other obligations of this state or the	1147
political subdivisions of this state;	1148
(5) No-load money market mutual funds consisting exclusively	1149
of obligations described in division (A)(1) or (2) of this section	1150
and repurchase agreements secured by such obligations, provided	1151
that investments in securities described in this division are made	1152
only through eligible institutions mentioned in section 135.32 of	1153
the Revised Code;	1154
(6) The Ohio subdivision's fund as provided in section 135.45	1155
of the Revised Code;	1156
(7) Securities lending agreements with any eligible	1157
institution mentioned in section 135.32 of the Revised Code that	1158
is a member of the federal reserve system or federal home loan	1159
bank or with any recognized United States government securities	1160
dealer meeting the description in division (J)(1) of this section,	1161
under the terms of which agreements the investing authority lends	1162
securities and the eligible institution or dealer agrees to	1163
simultaneously exchange similar securities or cash, equal value	1164
for equal value.	1165
Securities and cash received as collateral for a securities	1166
lending agreement are not inactive moneys of the county or moneys	1167
of a county public library fund. The investment of cash collateral	1168
received pursuant to a securities lending agreement may be	1169
invested only in instruments specified by the investing authority	1170
in the written investment policy described in division (K) of this	1171
section.	1172
(8) Up to twenty-five per cent of the county's total average	1173

portfolio in either of the following investments: 1174

(a) Commercial paper notes issued by an entity that is 1175  
defined in division (D) of section 1705.01 of the Revised Code and 1176  
that has assets exceeding five hundred million dollars, to which 1177  
notes all of the following apply: 1178

(i) The notes are rated at the time of purchase in the 1179  
highest classification established by at least two nationally 1180  
recognized standard rating services. 1181

(ii) The aggregate value of the notes does not exceed ten per 1182  
cent of the aggregate value of the outstanding commercial paper of 1183  
the issuing corporation. 1184

(iii) The notes mature not later than two hundred seventy 1185  
days after purchase. 1186

(b) Bankers acceptances of banks that are insured by the 1187  
federal deposit insurance corporation and to which both of the 1188  
following apply: 1189

(i) The obligations are eligible for purchase by the federal 1190  
reserve system. 1191

(ii) The obligations mature not later than one hundred eighty 1192  
days after purchase. 1193

No investment shall be made pursuant to division (A)(8) of 1194  
this section unless the investing authority has completed 1195  
additional training for making the investments authorized by 1196  
division (A)(8) of this section. The type and amount of additional 1197  
training shall be approved by the auditor of state and may be 1198  
conducted by or provided under the supervision of the auditor of 1199  
state. 1200

(9) Up to fifteen per cent of the county's total average 1201  
portfolio in notes issued by corporations that are incorporated 1202  
under the laws of the United States and that are operating within 1203

the United States, or by depository institutions that are doing 1204  
business under authority granted by the United States or any state 1205  
and that are operating within the United States, provided both of 1206  
the following apply: 1207

(a) The notes are rated in the second highest or higher 1208  
category by at least two nationally recognized standard rating 1209  
services at the time of purchase. 1210

(b) The notes mature not later than two years after purchase. 1211

(10) No-load money market mutual funds rated in the highest 1212  
category at the time of purchase by at least one nationally 1213  
recognized standard rating service and consisting exclusively of 1214  
obligations described in division (A)(1), (2), or (6) of section 1215  
135.143 of the Revised Code; 1216

(11) Debt interests rated at the time of purchase in the 1217  
three highest categories by two nationally recognized standard 1218  
rating services and issued by foreign nations diplomatically 1219  
recognized by the United States government. All interest and 1220  
principal shall be denominated and payable in United States funds. 1221  
The investments made under division (A)(11) of this section shall 1222  
not exceed in the aggregate one per cent of a county's total 1223  
average portfolio. 1224

The investing authority shall invest under division (A)(11) 1225  
of this section in a debt interest issued by a foreign nation only 1226  
if the debt interest is backed by the full faith and credit of 1227  
that foreign nation, there is no prior history of default, and the 1228  
debt interest matures not later than five years after purchase. 1229  
For purposes of division (A)(11) of this section, a debt interest 1230  
is rated in the three highest categories by two nationally 1231  
recognized standard rating services if either the debt interest 1232  
itself or the issuer of the debt interest is rated, or is 1233  
implicitly rated, at the time of purchase in the three highest 1234



categories by two nationally recognized standard rating services. 1235

(12) A current unpaid or delinquent tax line of credit 1236  
authorized under division (G) of section 135.341 of the Revised 1237  
Code, provided that all of the conditions for entering into such a 1238  
line of credit under that division are satisfied, or bonds and 1239  
other obligations of a county land reutilization corporation 1240  
organized under Chapter 1724. of the Revised Code, if the county 1241  
land reutilization corporation is located wholly or partly within 1242  
the same county as the investing authority. 1243

(B) Nothing in the classifications of eligible obligations 1244  
and securities set forth in divisions (A)(1) to (11) of this 1245  
section shall be construed to authorize investment in a 1246  
derivative, and no investing authority shall invest any county 1247  
inactive moneys or any moneys in a county public library fund in a 1248  
derivative. For purposes of this division, "derivative" means a 1249  
financial instrument or contract or obligation whose value or 1250  
return is based upon or linked to another asset or index, or both, 1251  
separate from the financial instrument, contract, or obligation 1252  
itself. Any security, obligation, trust account, or other 1253  
instrument that is created from an issue of the United States 1254  
treasury or is created from an obligation of a federal agency or 1255  
instrumentality or is created from both is considered a derivative 1256  
instrument. An eligible investment described in this section with 1257  
a variable interest rate payment, based upon a single interest 1258  
payment or single index comprised of other eligible investments 1259  
provided for in division (A)(1) or (2) of this section, is not a 1260  
derivative, provided that such variable rate investment has a 1261  
maximum maturity of two years. A treasury inflation-protected 1262  
security shall not be considered a derivative, provided the 1263  
security matures not later than five years after purchase. 1264

(C) Except as provided in division (D) of this section, any 1265  
investment made pursuant to this section must mature within five 1266

years from the date of settlement, unless the investment is 1267  
matched to a specific obligation or debt of the county or to a 1268  
specific obligation or debt of a political subdivision of this 1269  
state, and the investment is specifically approved by the 1270  
investment advisory committee. 1271

(D) The investing authority may also enter into a written 1272  
repurchase agreement with any eligible institution mentioned in 1273  
section 135.32 of the Revised Code or any eligible securities 1274  
dealer pursuant to division (J) of this section, under the terms 1275  
of which agreement the investing authority purchases and the 1276  
eligible institution or dealer agrees unconditionally to 1277  
repurchase any of the securities listed in divisions (B)(1) to 1278  
(5), except letters of credit described in division (B)(2), of 1279  
section 135.18 of the Revised Code. The market value of securities 1280  
subject to an overnight written repurchase agreement must exceed 1281  
the principal value of the overnight written repurchase agreement 1282  
by at least two per cent. A written repurchase agreement must 1283  
exceed the principal value of the overnight written repurchase 1284  
agreement, by at least two per cent. A written repurchase 1285  
agreement shall not exceed thirty days, and the market value of 1286  
securities subject to a written repurchase agreement must exceed 1287  
the principal value of the written repurchase agreement by at 1288  
least two per cent and be marked to market daily. All securities 1289  
purchased pursuant to this division shall be delivered into the 1290  
custody of the investing authority or the qualified custodian of 1291  
the investing authority or an agent designated by the investing 1292  
authority. A written repurchase agreement with an eligible 1293  
securities dealer shall be transacted on a delivery versus payment 1294  
basis. The agreement shall contain the requirement that for each 1295  
transaction pursuant to the agreement the participating 1296  
institution shall provide all of the following information: 1297

(1) The par value of the securities; 1298

(2) The type, rate, and maturity date of the securities;	1299
(3) A numerical identifier generally accepted in the securities industry that designates the securities.	1300 1301
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.	1302 1303 1304 1305 1306
(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.	1307 1308 1309 1310 1311 1312
(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:	1313 1314 1315 1316 1317 1318 1319 1320
(1) The Ohio subdivision's fund pursuant to division (A)(6) of this section;	1321 1322
(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.	1323 1324 1325 1326
For purposes of division (F) of this section, "subdivision" includes a county.	1327 1328

(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 securities on the speculation that bond prices will decline, is prohibited.

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

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

Upon the expiration of the term of office of an investing

authority or in the event of a vacancy in the office for any 1361  
reason, the officer or the officer's legal representative shall 1362  
transfer and deliver to the officer's successor all documents 1363  
mentioned in this division for which the officer has been 1364  
responsible for safekeeping. For all such documents transferred 1365  
and delivered, the officer shall be credited with, and the 1366  
officer's successor shall be charged with, the amount of moneys 1367  
evidenced by such documents. 1368

(J)(1) All investments, except for investments in securities 1369  
described in divisions (A)(5), (6), and (12) of this section, 1370  
shall be made only through a member of the national association of 1371  
securities dealers, through a bank, savings bank, ~~or~~ savings and 1372  
loan association, or credit union regulated by the superintendent 1373  
of financial institutions, or through an institution regulated by 1374  
the comptroller of the currency, the federal deposit insurance 1375  
corporation, ~~or the~~ board of governors of the federal reserve 1376  
system, or the national credit union administration. 1377

(2) Payment for investments shall be made only upon the 1378  
delivery of securities representing such investments to the 1379  
treasurer, investing authority, or qualified trustee. If the 1380  
securities transferred are not represented by a certificate, 1381  
payment shall be made only upon receipt of confirmation of 1382  
transfer from the custodian by the treasurer, governing board, or 1383  
qualified trustee. 1384

(K)(1) Except as otherwise provided in division (K)(2) of 1385  
this section, no investing authority shall make an investment or 1386  
deposit under this section, unless there is on file with the 1387  
auditor of state a written investment policy approved by the 1388  
investing authority. The policy shall require that all entities 1389  
conducting investment business with the investing authority shall 1390  
sign the investment policy of that investing authority. All 1391  
brokers, dealers, and financial institutions, described in 1392

division (J)(1) of this section, initiating transactions with the 1393  
investing authority by giving advice or making investment 1394  
recommendations shall sign the investing authority's investment 1395  
policy thereby acknowledging their agreement to abide by the 1396  
policy's contents. All brokers, dealers, and financial 1397  
institutions, described in division (J)(1) of this section, 1398  
executing transactions initiated by the investing authority, 1399  
having read the policy's contents, shall sign the investment 1400  
policy thereby acknowledging their comprehension and receipt. 1401

(2) If a written investment policy described in division 1402  
(K)(1) of this section is not filed on behalf of the county with 1403  
the auditor of state, the investing authority of that county shall 1404  
invest the county's inactive moneys and moneys of the county 1405  
public library fund only in time certificates of deposits or 1406  
savings or deposit accounts pursuant to division (A)(3) of this 1407  
section, no-load money market mutual funds pursuant to division 1408  
(A)(5) of this section, or the Ohio subdivision's fund pursuant to 1409  
division (A)(6) of this section. 1410

(L)(1) The investing authority shall establish and maintain 1411  
an inventory of all obligations and securities acquired by the 1412  
investing authority pursuant to this section. The inventory shall 1413  
include a description of each obligation or security, including 1414  
type, cost, par value, maturity date, settlement date, and any 1415  
coupon rate. 1416

(2) The investing authority shall also keep a complete record 1417  
of all purchases and sales of the obligations and securities made 1418  
pursuant to this section. 1419

(3) The investing authority shall maintain a monthly 1420  
portfolio report and issue a copy of the monthly portfolio report 1421  
describing such investments to the county investment advisory 1422  
committee, detailing the current inventory of all obligations and 1423  
securities, all transactions during the month that affected the 1424

inventory, any income received from the obligations and 1425  
securities, and any investment expenses paid, and stating the 1426  
names of any persons effecting transactions on behalf of the 1427  
investing authority. 1428

(4) The monthly portfolio report shall be a public record and 1429  
available for inspection under section 149.43 of the Revised Code. 1430

(5) The inventory and the monthly portfolio report shall be 1431  
filed with the board of county commissioners. The monthly 1432  
portfolio report also shall be filed with the treasurer of state. 1433

(M) An investing authority may enter into a written 1434  
investment or deposit agreement that includes a provision under 1435  
which the parties agree to submit to nonbinding arbitration to 1436  
settle any controversy that may arise out of the agreement, 1437  
including any controversy pertaining to losses of public moneys 1438  
resulting from investment or deposit. The arbitration provision 1439  
shall be set forth entirely in the agreement, and the agreement 1440  
shall include a conspicuous notice to the parties that any party 1441  
to the arbitration may apply to the court of common pleas of the 1442  
county in which the arbitration was held for an order to vacate, 1443  
modify, or correct the award. Any such party may also apply to the 1444  
court for an order to change venue to a court of common pleas 1445  
located more than one hundred miles from the county in which the 1446  
investing authority is located. 1447

For purposes of this division, "investment or deposit 1448  
agreement" means any agreement between an investing authority and 1449  
a person, under which agreement the person agrees to invest, 1450  
deposit, or otherwise manage, on behalf of the investing 1451  
authority, a county's inactive moneys or moneys in a county public 1452  
library fund, or agrees to provide investment advice to the 1453  
investing authority. 1454

(N)(1) An investment held in the county portfolio on 1455

September 27, 1996, that was a legal investment under the law as 1456  
it existed before September 27, 1996, may be held until maturity, 1457  
or if the investment does not have a maturity date the investment 1458  
may be held until five years from September 27, 1996, regardless 1459  
of whether the investment would qualify as a legal investment 1460  
under the terms of this section as amended. 1461

(2) An investment held in the county portfolio on ~~the~~ 1462  
~~effective date of this amendment~~ September 10, 2012, that was a 1463  
legal investment under the law as it existed before ~~the effective~~ 1464  
~~date of this amendment~~ September 10, 2012, may be held until 1465  
maturity. 1466

**Sec. 135.353.** (A) In addition to the investments specified in 1467  
section 135.35 of the Revised Code, the investing authority of a 1468  
county may do all of the following: 1469

(1) Invest inactive or public moneys in linked deposits as 1470  
authorized by resolution adopted pursuant to section 135.80 or 1471  
135.801 of the Revised Code; 1472

(2) Invest inactive or public moneys in linked deposits as 1473  
authorized by resolution adopted pursuant to section 135.805 of 1474  
the Revised Code for a term considered appropriate by the 1475  
investing authority, but not exceeding fifteen years, which 1476  
investment may be renewed for up to two additional terms with each 1477  
additional term not exceeding fifteen years. 1478

(3) Invest inactive moneys in certificates of deposit in 1479  
accordance with all of the following: 1480

(a) The inactive moneys initially are deposited with an 1481  
eligible public depository described in section 135.32 of the 1482  
Revised Code and selected by the investing authority. 1483

(b) For the investing authority depositing the inactive 1484  
moneys pursuant to division (A)(3)(a) of this section, the 1485



eligible public depository selected pursuant to that division 1486  
invests the inactive moneys in certificates of deposit of one or 1487  
more federally insured banks, savings banks, or savings and loan 1488  
associations, or credit unions insured pursuant to section 1489  
1733.041 of the Revised Code, wherever located. The full amount of 1490  
principal and any accrued interest of each certificate of deposit 1491  
invested in pursuant to division (A)(3)(b) of this section shall 1492  
be insured by federal deposit insurance, or by the national credit 1493  
union administration or a share guaranty corporation as defined in 1494  
section 1761.01 of the Revised Code, as applicable. 1495

(c) For the investing authority depositing the inactive 1496  
moneys pursuant to division (A)(3)(a) of this section, the 1497  
eligible public depository selected pursuant to that division acts 1498  
as custodian of the certificates of deposit described in division 1499  
(A)(3)(b) of this section. 1500

(d) On the same date the public moneys are redeposited by the 1501  
public depository, the public depository may, in its sole 1502  
discretion, choose whether to receive deposits, in any amount, 1503  
from other banks, savings banks, or savings and loan associations. 1504

(e) The public depository provides to the investing authority 1505  
a monthly account statement that includes the amount of its funds 1506  
deposited and held at each bank, savings bank, ~~or~~ savings and loan 1507  
association, or credit union for which the public depository acts 1508  
as a custodian pursuant to this section. 1509

(B) Inactive moneys deposited or invested in accordance with 1510  
division (A)(3) of this section are not subject to any pledging 1511  
requirements described in section 135.181 or 135.37 of the Revised 1512  
Code. 1513

**Sec. 135.37.** (A) Except as provided in section 135.353 or 1514  
135.354 of the Revised Code, any institution described in section 1515  
135.32 of the Revised Code shall, at the time it receives a 1516

deposit of public moneys under section 135.33 or 135.35 of the Revised Code, pledge to and deposit with the investing authority, as security for the repayment of all public moneys to be deposited, eligible securities of aggregate market value equal to or in excess of the amount of public moneys to be at the time so deposited. Any securities listed in division (B) of section 135.18 of the Revised Code are eligible for such purpose. The collateral so pledged or deposited may be in an amount that when added to the portion of the deposit insured by the federal deposit insurance corporation ~~or~~, any other agency or instrumentality of the federal government, or a credit union share guaranty corporation as defined in section 1761.01 of the Revised Code will, in the aggregate, equal or exceed the amount of public moneys so deposited; provided that, when an investment of inactive moneys consists of the purchase of one or more of the type of securities listed in division (A)(1) or (2) of section 135.35 of the Revised Code, no additional collateral need be pledged or deposited.

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

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

Upon proper notification of the public depository's desire for release of securities, the investing authority may sign a release of such securities provided that the aggregate amount of collateral remaining pledged or deposited meets the requirements of divisions (A) to (E) of this section.

When a public depository desires to exchange or substitute

securities for other eligible securities, the investing authority 1549  
may release the securities pledged or deposited after the deposit 1550  
of other securities having a current market value equal to or 1551  
greater than the current market value of securities then on 1552  
deposit or after a safekeeping receipt has been received 1553  
evidencing the deposit and pledge of such securities. 1554

(C) Upon request from the investing authority, the trustee or 1555  
the public depository shall furnish a statement of the securities 1556  
pledged against the public moneys deposited in the public 1557  
depository. 1558

(D) If a public depository fails to pay over any part of any 1559  
public deposit made as provided by law, the investing authority 1560  
shall sell any pledged or deposited securities, as prescribed in 1561  
division (C) of section 135.18 of the Revised Code. 1562

(E) A public depository may designate, in accordance with the 1563  
provisions of division (D) of section 135.18 of the Revised Code, 1564  
a trustee for the safekeeping of any pledged securities. Such 1565  
trustee shall be any bank or other institution eligible as a 1566  
trustee under division (I) of section 135.18 of the Revised Code, 1567  
except that, for the purposes of this section, a bank to which a 1568  
certificate of qualification is issued shall be an institution 1569  
mentioned in division (A) of section 135.32 of the Revised Code. 1570

(F) In lieu of the pledging requirements prescribed in 1571  
divisions (A) to (E) of this section, an institution designated as 1572  
a public depository may pledge securities pursuant to section 1573  
135.181 of the Revised Code. 1574

**Sec. 135.51.** In case of any default on the part of a bank ~~or~~ 1575  
domestic ~~building and loan~~ association, savings bank, or credit 1576  
union in its capacity as depository of the money of any county, 1577  
municipal corporation, township, or school district, the board of 1578  
county commissioners, the legislative authority of such municipal 1579

corporation, the board of township trustees, and the board of 1580  
education of such school district, in lieu of immediately selling 1581  
the securities received and held as security for the deposit of 1582  
such money under authority of any section of the Revised Code, may 1583  
retain the same, collect the interest and any installments of 1584  
principal thereafter falling due on such securities, and refund, 1585  
exchange, sell, or otherwise dispose of any of them, at such times 1586  
and in such manner as such board of county commissioners, 1587  
legislative authority, board of township trustees, or board of 1588  
education determines to be advisable with a view to conserving the 1589  
value of such securities for the benefit of such county, municipal 1590  
corporation, township, or school district, and for the benefit of 1591  
the depositors, creditors, and stockholders or other owners of 1592  
such bank ~~or building and loan, domestic~~ association, savings 1593  
bank, or credit union. 1594

**Sec. 135.52.** In anticipation of the collection of the 1595  
principal and interest of securities, or other disposition of 1596  
them, as authorized by section 135.51 of the Revised Code, and of 1597  
the payment of dividends in the liquidation of the depository bank 1598  
~~or, domestic savings and loan~~ association, savings bank, or credit 1599  
union and for the purpose of providing public money immediately 1600  
available for the needs of the county, municipal corporation, 1601  
township, or school district, the taxing authority may issue bonds 1602  
of the county, municipal corporation, township, or school 1603  
district, in an amount not exceeding the moneys on deposit in the 1604  
depository bank ~~or savings and loan, domestic~~ association, savings 1605  
bank, or credit union, the payment of which is secured by such 1606  
securities, after crediting to such moneys the amount realized 1607  
from the sale or other disposition of any other securities pledged 1608  
or deposited for such moneys, or in an amount not exceeding the 1609  
value or amount ultimately to be realized from such securities to 1610  
be determined by valuation made under oath by two persons who are 1611

conversant with the value of the assets represented by such 1612  
securities, whichever amount is the lesser, plus an amount equal 1613  
to the interest accruing on such securities during one year from 1614  
and after the date of default of such bank ~~or savings and loan,~~ 1615  
domestic association, savings bank, or credit union in its 1616  
capacity as a depository. The maturity of such bonds shall not 1617  
exceed ten years and they shall bear interest at a rate not 1618  
exceeding the rate determined as provided in section 9.95 of the 1619  
Revised Code. Such bonds shall be the general obligations of the 1620  
county, municipal corporation, township, or school district 1621  
issuing them. The legislation under which such bonds are issued 1622  
shall comply with Section 11 of Article XII, Ohio Constitution. 1623  
The amount of such bonds issued or outstanding shall not be 1624  
considered in ascertaining any of the limitations on the net 1625  
indebtedness of such county, municipal corporation, township, or 1626  
school district prescribed by law. In all other respects, the 1627  
issuance, maturities, and sale of such bonds shall be subject to 1628  
Chapter 133. of the Revised Code. 1629

A sufficient amount of the moneys received from principal on 1630  
the sale of such bonds to cover the interest accruing on such 1631  
securities for one year, to the extent determined by the authority 1632  
issuing such bonds in the resolution or ordinance of issuance 1633  
under this section, shall be paid into the bond retirement fund 1634  
from which the bonds are to be redeemed, together with premiums 1635  
and accrued interest. The balance of such principal shall be 1636  
credited to the funds to which the moneys represented by such 1637  
depository balance belong, and in the respective amounts of such 1638  
funds. 1639

**Sec. 135.53.** All principal and interest collected by the 1640  
proper officer or agent of the county, municipal corporation, 1641  
township, or school district, on account of the securities 1642  
mentioned in section 135.51 of the Revised Code, the proceeds of 1643

any sale or other disposition of any of such securities, and any 1644  
dividends received from the liquidation of the defaulting bank ~~or~~, 1645  
domestic ~~building and loan~~ association, savings bank, or credit 1646  
union shall be paid into the bond retirement fund from which the 1647  
bonds provided for in section 135.52 of the Revised Code are to be 1648  
redeemed, until the aggregate of such payments equals the 1649  
requirements of such fund, whereupon such securities, and any 1650  
remaining depository balance, not anticipated by such bonds, to 1651  
the extent then retained by such county, municipal corporation, 1652  
township, or school district, shall be assigned and delivered to 1653  
the defaulting bank ~~or building and loan, domestic~~ association, 1654  
savings bank, or credit union to its liquidating officer, or to 1655  
its successor or assignee, together with a release or other 1656  
instrument showing full satisfaction of the claim of such county, 1657  
municipal corporation, township, or school district against such 1658  
bank, ~~building and loan domestic~~ association, savings bank, credit 1659  
union, or officer. 1660

**Sec. 1733.04.** (A) In addition to the authority conferred by 1661  
section 1701.13 of the Revised Code, but subject to any 1662  
limitations contained in sections 1733.01 to 1733.45 of the 1663  
Revised Code, and its articles and regulations, a credit union may 1664  
do any of the following: 1665

(1) Make loans as provided in section 1733.25 of the Revised 1666  
Code; 1667

(2) Invest its money as provided in section 1733.30 of the 1668  
Revised Code; 1669

(3) If authorized by the code of regulations, rebate to the 1670  
borrowing members a portion of the member's interest paid to the 1671  
credit union; 1672

(4) If authorized by the regulations, charge a membership or 1673  
entrance fee not to exceed one dollar per member; 1674

(5) Purchase group savings life insurance and group credit life insurance;	1675 1676
(6) Make reasonable contributions to any nonprofit civic, charitable, or service organizations;	1677 1678
(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.	1679 1680 1681 1682 1683 1684 1685 1686 1687 1688 1689 1690
<u>(8) Act as a public depository for purposes of and in accordance with, Chapter 135. of the Revised Code.</u>	1691 1692
(B) The authority of a credit union shall be subject to the following:	1693 1694
(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 unions.	1695 1696 1697 1698
(2) A credit union may not pay a commission or other compensation to any person for securing members or for the sale of its shares, except that reasonable incentives may be made available directly to members or potential members to promote thrift.	1699 1700 1701 1702 1703
(3) A credit union, subject to the approval of the superintendent, may have service facilities other than its home	1704 1705

office. 1706

(4) Real estate may be acquired by lease, purchase, or 1707  
otherwise as necessary and to the extent required for use of the 1708  
credit union presently and in the future operation of its office 1709  
or headquarters, and in case of a purchase of real estate, the 1710  
superintendent must first be notified in writing prior to the 1711  
purchase of the real estate. The superintendent shall notify the 1712  
credit union not more than thirty days after receipt of the 1713  
notification to purchase the real estate if the purchase is 1714  
denied, approved, or modified. If the superintendent does not 1715  
respond within thirty days after receipt of the notification to 1716  
purchase the real estate, it shall be deemed approved. Nothing 1717  
herein contained shall be deemed to prohibit a credit union from 1718  
taking title to real estate in connection with a default in the 1719  
payment of a loan, provided that title to such real estate shall 1720  
not be held by the credit union for more than two years without 1721  
the prior written approval of the superintendent. A credit union 1722  
also may lease space in any real estate it acquires in accordance 1723  
with rules adopted by the superintendent. 1724

(C)(1) As used in division (C) of this section: 1725

(a) "School" means an elementary or secondary school. 1726

(b) "Student" means a child enrolled in a school. 1727

(c) "Student branch" means the designation provided to the 1728  
credit union for the in-school services and financial education 1729  
offered to students. 1730

(2) A credit union, upon agreement with a school board, in 1731  
the case of a public school, or the governing authority, in the 1732  
case of a nonpublic school, and with the permission of the 1733  
superintendent, may open and maintain a student branch. 1734

(3) Notwithstanding any other provision of this section, any 1735  
student enrolled in the school maintaining a student branch who is 1736



not otherwise qualified for membership in the credit union 1737  
maintaining the student branch is qualified to be a member of that 1738  
student branch. 1739

(4) The student's membership in the student branch expires 1740  
upon the student's graduation from secondary school. 1741

(5) The student branch is for the express use of students and 1742  
may not be used by faculty, staff, or lineal ancestors or 1743  
descendents of students. 1744

(6) Faculty, staff, or lineal ancestors or descendents of 1745  
students are not eligible for membership in the credit union 1746  
maintaining the student branch unless otherwise qualified by this 1747  
section to be members. 1748

(7) The superintendent may adopt rules appropriate to the 1749  
formation and operation of student branches. 1750

(D) A credit union may guarantee the signature of a member in 1751  
connection with a transaction involving tangible or intangible 1752  
property in which a member has or seeks to acquire an interest. 1753

**Sec. 1733.041.** Each credit union operating under this chapter 1754  
or otherwise authorized to do business in this state shall obtain 1755  
insurance for the protection of their members' accounts. Such 1756  
share guarantee insurance may be obtained from the national credit 1757  
union administration operating under the "Federal Credit Union 1758  
Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, and any amendments 1759  
thereto, or from ~~the national deposit~~ a credit union share 1760  
guaranty corporation, established under Chapter 1761. of the 1761  
Revised Code, or from any insurer qualified under the laws of this 1762  
state to write such insurance. 1763

**Sec. 1733.24.** (A) A credit union is authorized to receive 1764  
funds for deposit in share accounts, share draft accounts, and 1765  
share certificates from its members, from other credit unions, and 1766

from an officer, employee, or agent of the federal, state, or 1767  
local governments, or political subdivisions of the state, in 1768  
accordance with such terms, rates, and conditions as may be 1769  
established by its board of directors and, if acting as a public 1770  
depository, for purposes of, and in accordance with, Chapter 135. 1771  
of the Revised Code. 1772

(B) The shares and share accounts of the credit union may be 1773  
of one or more classes, as designated by the board of directors, 1774  
subject to approval of the superintendent of credit unions based 1775  
on rules that shall assure equitable distribution of dividends 1776  
among classes, considering costs and advantages of each class to 1777  
the members of the credit union, including without limitation 1778  
special services rendered, length of ownership, minimum 1779  
investment, conditions of repurchase, and other appropriate 1780  
standards or combinations thereof. In the event the articles of 1781  
incorporation of the credit union indicate the authorized number 1782  
of shares to be unlimited, the designation of classification of 1783  
shares and share accounts of the credit union may be effected by 1784  
the board of directors, subject to the approval of the 1785  
superintendent, and does not require amendment of the articles of 1786  
incorporation. All shares of the credit union shall have a par 1787  
value per share as set by the board of directors. Redemptions and 1788  
liquidating dividends shall be prorated to each member on the 1789  
basis of the price paid the credit union for such share, 1790  
irrespective of the class of such shares. 1791

(C)(1) Each credit union shall have one class of shares 1792  
designated as "membership share." The membership shares, or if a 1793  
credit union has but one class of shares, then all of the shares 1794  
of the credit union, shall have a par value as set by the board of 1795  
directors. 1796

(2) Two or more persons that are eligible for membership that 1797  
have jointly subscribed for one or more shares under a joint 1798

account each may be admitted to membership. 1799

(D) A credit union need not issue certificates for any or all 1800  
of its classes of shares but irrespective of whether certificates 1801  
are issued, a registry of shares must be kept, including all of 1802  
the transactions of the credit union pertaining to such shares. 1803

(E) A credit union is authorized to maintain share draft 1804  
accounts in accordance with rules prescribed by the 1805  
superintendent. The credit union may pay dividends on share draft 1806  
accounts, may pay dividends at different rates on different types 1807  
of share draft accounts, and may permit the owners of such share 1808  
draft accounts to make withdrawals by negotiable or transferable 1809  
instruments or other orders for the purpose of making transfers to 1810  
third parties. 1811

(F) Unless otherwise provided by written agreement of the 1812  
parties, the rights, responsibilities, and liabilities attaching 1813  
to a share draft withdrawn from, transferred to, or otherwise 1814  
handled by a credit union are defined in and governed by Chapters 1815  
1303. and 1304. of the Revised Code, as if the credit union were a 1816  
bank. 1817

(G) Unless otherwise provided in the articles or regulations, 1818  
a member may designate any person or persons to own or hold 1819  
shares, or share accounts with the member in joint tenancy with 1820  
right of survivorship and not as tenants in common. 1821

(H) Shares or share accounts may be issued in the name of a 1822  
custodian under the Ohio transfers to minors act, a member in 1823  
trust for a beneficiary, a fiduciary or custodian in trust for a 1824  
member beneficiary, or a fiduciary or custodian in trust upon the 1825  
death of a member. Redemption of such shares or payment of such 1826  
share accounts to a member, to the extent of the payment, 1827  
discharges the liability of the credit union to the member and the 1828  
beneficiary, and the credit union shall be under no obligation to 1829

see to the application of the payment. Unless prior to the death 1830  
of a member, the member has notified the credit union in writing 1831  
in a form approved by the credit union of a different beneficiary 1832  
to receive the proceeds of such shares or share accounts, then the 1833  
proceeds shall be paid to the beneficiary or to the beneficiary's 1834  
parent or legal representative. Any payment made pursuant to 1835  
written instructions of the member or pursuant to the provisions 1836  
herein contained shall be a valid and sufficient release and 1837  
discharge of the credit union in connection with any such share or 1838  
share accounts. 1839

(I)(1) Except as otherwise provided in the articles or 1840  
regulations, and subject to the provisions thereof, a minor may 1841  
purchase shares, share accounts, or other depository instruments, 1842  
and except for qualification as a voting member, the credit union 1843  
may deal with the minor with respect to shares, share accounts, or 1844  
other depository instruments owned by the minor as if the minor 1845  
were a person of legal age. 1846

(2) If shares, share accounts, or other depository 1847  
instruments are issued in the name of a minor, redemption of any 1848  
part or all of the shares or withdrawal of funds by payment to the 1849  
minor of the shares or funds and any declared dividends or 1850  
interest releases the credit union from all obligation to the 1851  
minor as to the shares reduced or funds withdrawn. 1852

(J) The regulations may require advance written notice of a 1853  
member's intention to withdraw the member's shares. Such advance 1854  
notice shall not exceed sixty days. 1855

**Sec. 1733.30.** (A) A credit union may make any investment of 1856  
any funds not required for the purpose of loans or not required to 1857  
meet the pledging requirements of Chapter 135. of the Revised 1858  
Code, in state or national banks or state or federally chartered 1859  
savings and loan associations, savings banks, or credit unions, 1860

doing business in this state; in accounts, deposits, or shares of 1861  
federally insured savings and loan associations or savings banks 1862  
or insured credit unions, doing business outside this state; in 1863  
deposits or accounts of federally insured banks, trust companies, 1864  
and mutual savings banks doing business outside this state; in the 1865  
shares of a corporate credit union subject to the regulations of 1866  
that corporate credit union; in shares, stocks, or obligations of 1867  
any other organization providing services that are associated with 1868  
the routine operations of credit unions; or in United States 1869  
government securities or municipal bonds issued by municipalities 1870  
of this state; and, with the approval of the superintendent of 1871  
credit unions, in securities other than those specified in this 1872  
division. All investments under this division shall be made in 1873  
United States dollars. 1874

(B) In accordance with rules adopted by, and subject to the 1875  
approval of, the superintendent, notes or loans made by or to 1876  
individual members of a credit union may be purchased by another 1877  
credit union at such prices as may be agreed upon between the 1878  
credit unions. 1879

(C) A corporate credit union may make investments provided 1880  
the investments are in accordance with rules adopted by the 1881  
superintendent, are consistent with the safety and soundness of 1882  
the credit union, and are made with due regard to the investment 1883  
requirements established by the applicable insurer recognized 1884  
under section 1733.041 of the Revised Code. 1885

**Sec. 1733.31.** For purposes of this section, "gross income" 1886  
means all income, before expenses, earned on risk assets. "Risk 1887  
assets" shall be defined by rule adopted by the superintendent of 1888  
credit unions. 1889

Each credit union shall establish and maintain reserves as 1890  
required by Chapter 1733. of the Revised Code, by Chapter 135. of 1891

the Revised Code, if applicable, or by rules adopted by the 1892  
superintendent, including the following: 1893

(A) Valuation allowances for delinquent loans, investments, 1894  
other risk assets, and contingencies, which shall be established 1895  
and maintained pursuant to rules adopted ~~adopted~~ by the 1896  
superintendent. 1897

(B) A regular reserve as follows: 1898

(1) A credit union in operation for more than four years and 1899  
having assets of five hundred thousand dollars or more shall 1900  
reserve ten per cent of its gross income until its regular reserve 1901  
equals four per cent of its total risk assets. Once the credit 1902  
union has regular reserves equal to four per cent of its total 1903  
risk assets, it shall reserve five per cent of its gross income 1904  
until its regular reserve equals six per cent of its total risk 1905  
assets. 1906

(2) A credit union in operation for less than four years or 1907  
having assets of less than five hundred thousand dollars shall 1908  
reserve ten per cent of its gross income until its regular reserve 1909  
equals seven and one-half per cent of its total risk assets. Once 1910  
the credit union has regular reserves equal to seven and one-half 1911  
per cent of its total risk assets, it shall reserve five per cent 1912  
of its gross income until its regular reserve equals ten per cent 1913  
of its total risk assets. 1914

(3) The provision for loan losses, or other such provisions 1915  
related to the valuation allowances described in division (A) of 1916  
this section, recorded on the credit union's statement of income 1917  
for the year shall be deducted from the appropriate regular 1918  
reserve calculated under division (B)(1) or (2) of this section. 1919

(4) Once the credit union has closed out its net income or 1920  
loss to undivided earnings, it may allocate any extraordinary loss 1921  
for the year, as defined by AICPA APB Opinion No. 30 or by rules 1922

as promulgated by the superintendent, to the regular reserve. 1923

(5) If the regular reserve account becomes less than the 1924  
percentage required by division (B)(1) or (2) of this section, 1925  
then the schedule of allocation shall apply until the required 1926  
percentages are achieved. 1927

(6) The superintendent may decrease the reserve requirements 1928  
under division (B)(1) or (2) of this section when, in the 1929  
superintendent's opinion, a decrease is necessary or desirable and 1930  
is consistent with the purposes of this section. 1931

(7) Nothing herein shall prevent the superintendent from 1932  
requiring a particular credit union or all credit unions to 1933  
establish a regular reserve in excess of the percentages required 1934  
by division (B)(1) or (2) of this section if, in the opinion of 1935  
the superintendent, economic conditions or other appropriate 1936  
circumstances so warrant. 1937

(C) Except as otherwise provided in this division, each 1938  
credit union shall maintain a liquidity fund equal to five per 1939  
cent of its shares. The assets included in the liquidity fund 1940  
shall be defined by rule adopted by the superintendent. The 1941  
superintendent may require a particular credit union or all credit 1942  
unions to establish a liquidity fund greater than or less than 1943  
five per cent of total shares, if, in the opinion of the 1944  
superintendent, economic conditions or other appropriate 1945  
circumstances so warrant. 1946

(D)(1) Reserves for corporate credit unions shall be 1947  
established by the superintendent with due regard for the 1948  
reserving requirements for corporate credit unions set by the 1949  
applicable insurer recognized under section 1733.041 of the 1950  
Revised Code. Specific reserving requirements shall be established 1951  
by rule of the superintendent, but shall substantially parallel 1952  
the reserving formula set by the applicable insurer recognized 1953

under section 1733.041 of the Revised Code. 1954

(2) Nothing in division (D)(1) of this section shall prevent 1955  
the superintendent from requiring a particular corporate credit 1956  
union or all corporate credit unions to establish a regular 1957  
reserve in excess of those reserves established pursuant to 1958  
division (D)(1) of this section if, in the opinion of the 1959  
superintendent, economic conditions or other appropriate 1960  
circumstances so warrant. 1961

**Section 2.** That existing sections 122.60, 122.71, 135.03, 1962  
135.032, 135.04, 135.06, 135.08, 135.10, 135.14, 135.144, 135.18, 1963  
135.32, 135.321, 135.33, 135.35, 135.353, 135.37, 135.51, 135.52, 1964  
135.53, 1733.04, 1733.041, 1733.24, 1733.30, and 1733.31 of the 1965  
Revised Code are hereby repealed. 1966

**Section 3.** Section 135.14 of the Revised Code is presented in 1967  
this act as a composite of the section as amended by both Sub. 1968  
H.B. 473 and Am. Sub. H.B. 640 of the 123rd General Assembly. The 1969  
General Assembly, applying the principle stated in division (B) of 1970  
section 1.52 of the Revised Code that amendments are to be 1971  
harmonized if reasonably capable of simultaneous operation, finds 1972  
that the composite is the resulting version of the section in 1973  
effect prior to the effective date of the section as presented in 1974  
this act. 1975