



Ohio Revised Code

Section 118.20 Authorizing debt obligations.

Effective: September 3, 1996

Legislation: House Bill 462 - 121st General Assembly

Pursuant to section 118.19 of the Revised Code:

(A) The ordinance or resolution authorizing the debt obligations may provide for the pledge of, and covenants to levy, charge, collect, deposit, and apply ad valorem property taxes, income taxes, excises, utility revenues, local government fund receipts, permit and license fees, and any other receipts from taxes, permits, licenses, fines, or other sources of revenue of the municipal corporation, county, or township; accrued and capitalized interest and premium from the proceeds of the sale of the debt obligations, lawfully available for the purpose, to the payment of the debt service and costs of issuing, carrying, redeeming, and retiring such debt obligations; covenants in respect of the establishment, investment, segregation, and maintenance of any funds or reserves in connection with the debt obligations and any other funds of the municipal corporation, county, or township. No pledge may be made in a manner which impairs the contract rights of the holders of any outstanding debt obligations.

(B) The ordinance or resolution authorizing the debt obligations may designate a fiscal agent for the debt obligations, or the fiscal agent may be designated by other ordinance or resolution of the legislative authority of the municipal corporation, county, or township. The fiscal agent may be a purchaser of such debt obligations or other debt obligations of the municipal corporation, county, or township.

(C) The ordinance or resolution authorizing the debt obligations may provide for immediate or periodic deposit of pledged receipts or a portion thereof in one or more separate bank accounts, funds, or other accounts established with the fiscal agent. Provision may be made therein for pledged receipts that are collected by the state, the county, the township, or any agency for the municipal corporation, county, or township to be transferred by the appropriate officer of the state or county or agency having charge of the collection or distribution of such pledged receipts directly to the fiscal agent for deposit under the ordinance or resolution. Such officers of the state and county or agent shall transfer such pledged receipts in accordance with this section and the ordinance. The fiscal



agent shall disburse funds so held for payments when due in accordance with the ordinance or resolution, including the transfer of funds to paying agents for the debt obligations at the times and in the amounts required. Until needed for such purposes, the fiscal agent shall invest the funds on behalf of the municipal corporation, county, or township in obligations that are lawful for the investment of public funds of the municipal corporation, county, or township, including provisions for such investments in a municipal charter, in the manner provided for in the ordinance or resolution. Funds held by the fiscal agent and all moneys and securities therein and pledged receipts payable thereto in accordance with the ordinance or resolution are hereby declared to be property of the municipal corporation, county, or township devoted to essential governmental purposes and accordingly shall not be applied to any purpose other than as provided herein and shall not be subject to any order, judgment, lien, execution, attachment, setoff, or counterclaim by any creditor of the municipal corporation, county, or township other than a creditor for whose benefit such fund is established and maintained and who is entitled thereto under and pursuant to this section.

(D) The ordinance or resolution authorizing the debt obligations shall provide that proceeds of the debt obligations shall be deposited with a fiscal agent in a special and separate bank account and held in trust and expended only for the object or purpose for which such debt obligations were issued. A copy of the ordinance or resolution authorizing the debt obligations shall be filed with such fiscal agent at or prior to the time the proceeds are made available to the municipal corporation, county, or township. No moneys shall be withdrawn from such account unless there is filed with such fiscal agent a written requisition of the fiscal officer of the municipal corporation, county, or township or the fiscal officer's authorized deputy, setting forth the item number of the requisition or the account to be charged, the name of the person to whom payment is due, the amount to be paid, a statement to the effect that the obligation in the stated amount has been incurred by the municipal corporation, county, or township and is a proper charge against such account, and such other information as may be required by the ordinance or resolution. Pending such withdrawals, the moneys shall be invested for and on behalf of the municipal corporation, county, or township by the fiscal agent in obligations which are lawful for the investment of public funds of the municipal corporation, county, or township, including provisions for such investments in a municipal charter, in the manner as provided for in the ordinance or resolution.

(E) Amounts held by fiscal agents shall be accounted for in the appropriate special funds of the municipal corporation, county, or township as if held in the treasury of the municipal corporation,



county, or township, and the fiscal agents shall provide such information to the municipal corporation, county, or township as is necessary for the purpose.

(F) The ordinance or resolution authorizing the debt obligations may contain covenants of the municipal corporation, county, or township to protect and safeguard the security and rights of the holders of such debt obligations, and without limiting the generality of the foregoing, such ordinance or resolution may contain covenants as to:

(1) Establishment and maintenance of the funds to be held by fiscal agents as provided in this section and section 118.23 of the Revised Code, the times, amounts, and levels for deposits to such funds, and the obligations in which the proceeds of such funds may be invested pending their use, subject to such limitations on investment of public funds otherwise provided for by law or pursuant to the charter of a municipal corporation;

(2) The appointment, rights, powers, and duties of the fiscal agent, including limiting or abrogating the right of the holders to appoint a trustee pursuant to section 118.21 of the Revised Code and vesting in the fiscal agent all or any of such rights, powers, and duties, in trust;

(3) The execution of a credit agreement with the fiscal agent for the benefit of holders of such debt obligations and for the benefit of any other holders of other debt obligations of the municipal corporation, county, or township then outstanding, provided, however, that such benefit conferred on such holders of such outstanding debt obligations shall not be deemed to restrict, preclude, or otherwise impair any rights that such holders otherwise may assert;

(4) Filings, review, and correction of tax budgets, appropriation measures, annual reports, audits, and other matters of financial record;

(5) Compliance with the provisions of this chapter and the financial plan and other laws applicable to the municipal corporation, county, or township including Chapters 133. and 5705. of the Revised Code, and with further restrictions on the powers, rights, and duties of the municipal corporation, county, or township necessary, appropriate, or desirable for the proper, provident, and efficient management of financial affairs that the municipal corporation, county, or township, with the approval of the commission or, when authorized by the commission, the financial supervisor,



determines will assure prompt payment when due of its debt obligations;

(6) Conditions that would give rise to an event of default under the terms of such ordinance and actions and remedies that the fiscal agent may take or assert on behalf of the holders of such debt obligations;

(7) Restrictions on the issuance of other debt obligations.