



Ohio Revised Code

Section 118.22 Pledge and agreement of state with and for benefit of holders of debt obligations.

Effective: September 3, 1996

Legislation: House Bill 462 - 121st General Assembly

(A) If such pledge is included in the ordinance or resolution authorizing the debt obligations as provided in division (B) of this section, the state pledges to and agrees with the holders of debt obligations of the municipal corporation, county, or township issued pursuant to the approval of the financial planning and supervision commission or, when authorized by the commission, the financial supervisor under section 118.19 of the Revised Code that the state will not, by enacting any law or adopting any rule, repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the power or duty of the municipal corporation, county, or township to exercise, perform, carry out and fulfill its responsibilities under this chapter to the extent that the municipal corporation, county, or township incorporates in such ordinance or resolution, or in a credit agreement, covenants and agreements to so exercise, perform, carry out, and fulfill such responsibilities, or repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the rights and remedies of any such holders fully to enforce such covenants and agreements so incorporated in the ordinance, resolution, or credit agreement or to enforce the pledge and agreement of the state contained in this section or otherwise exercise any sovereign power contrary to or inconsistent with the provisions of such ordinance, resolution, or credit agreement; it being hereby determined and declared that the provisions of this chapter and the powers and duties of the municipal corporation, county, or township authorized and imposed hereunder are proper, reasonable, and appropriate means by which the state can and should exercise and has exercised its duty under the constitution to prevent abuses by the municipal corporation, county, or township of its powers of taxation, borrowing money, and contracting debts, and that the provisions hereof are necessary and in the public interest and a proper means to improve market reception for the purchase of debt obligations of the municipal corporation, county, or township and to protect the safety and health of the people of the state; provided, however, the foregoing pledge and agreement shall be of no further force and effect if at any time there is on deposit in a separate trust account with the fiscal agent sufficient moneys or direct obligations of the United States or the state the principal of and interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption in accordance with their terms all principal of and interest and any call premium on such debt obligations,



irrevocable instructions from the municipal corporation, county, or township have been given to the fiscal agent for such payment of such principal and interest and any call premium with such moneys, and notice to the holders of such debt obligations as provided in the ordinance, resolution, or credit agreement has been given, and provided further that such pledge and agreement by the state may be temporarily suspended upon the declaration or martial law in the municipal corporation, county, or township in the event of circumstances in the municipal corporation, county, or township deriving directly out of a natural disaster, such as an earthquake or major conflagration or flood but not a snowstorm, or civil disturbance, such as military invasions or civil insurrections but not strikes or crises created by financial abuses or economic events. Nothing in this section shall preclude the state from authorizing the municipal corporation, county, or township to exercise, or the municipal corporation, county, or township from exercising, subject to approval of the commission and the auditor of state, any power provided by law to seek application of laws then in effect under the bankruptcy provisions of the United States Constitution or to preclude the state from further exercise of its powers under Section 6 of Article XIII and Section 13 of Article XVIII, Ohio Constitution.

(B) The municipal corporation, county, or township may, with the approval of the commission or, when authorized by the commission, the financial supervisor, include a recital of the pledge and agreement of the state set forth in this section in any ordinance or resolution authorizing the issuance of its debt obligations approved by the commission or, when authorized by the commission, the financial supervisor under section 118.15 of the Revised Code or any credit agreement with respect thereto as and for a pledge and agreement of the state with and for the benefit of the holders of all such debt obligations, and upon payment for such obligations by the original and all subsequent holders such inclusion shall be deemed conclusive evidence of valuable consideration received by the state and municipal corporation, county, or township for such pledge and agreement and of reliance upon such pledge and agreement by any such holder, and any action by the state contrary to or inconsistent with this section shall be void as applied to this section. The state hereby grants any such benefited holder the right to sue the state and enforce this covenant and agreement and waives all rights of defense based on sovereign immunity or sovereign power in such an action or suit, it being expressly determined and declared that the continued integrity of the contract of any such holder is essential to the continued right of the municipal corporation, county, or township to operate independently as a municipal corporation, county, or township of the state.