



## Ohio Revised Code

### Section 150.03 Program fund; Investment policy.

Effective: October 16, 2009

Legislation: House Bill 1 - 128th General Assembly

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Within ninety days after April 9, 2003, the authority shall establish, and subsequently may modify as it considers necessary, a written investment policy governing the investment of money from the program fund, which is hereby created. The program fund shall consist of the proceeds of loans acquired by a program administrator. The authority is subject to Chapter 119. of the Revised Code with respect to the establishment or modification of the policy. The policy shall meet all the following requirements:

- (A) It is consistent with the purpose of the program stated in section 150.01 of the Revised Code.
- (B) Subject to divisions (C), (D), and (E) of this section, it permits the investment of money from the program fund in private, for-profit venture capital funds, including funds of funds, that invest in enterprises in the seed or early stage of business development or established business enterprises developing new methods or technologies, and that demonstrate potential to generate high levels of successful investment performance.
- (C) It specifies that a program administrator or fund manager employed by the program administrator shall invest not less than seventy-five per cent of program fund money under its investment authority in Ohio-based venture capital funds.
- (D) It specifies both of the following:
  - (1) That not less than an amount equal to fifty per cent of program fund money invested in any venture capital fund be invested by the venture capital fund in Ohio-based business enterprises;
  - (2) That, commencing with the first program fund commitment to each venture capital fund, the aggregate amount funded into Ohio-based business enterprises by all venture capital funds to which the program fund has committed be not less than the aggregate amount of all program fund money funded into those venture capital funds.



(E) It specifies that a program administrator or fund manager employed by the program administrator shall not invest money from the program fund in a venture capital fund to the extent that the total amount of program fund money invested in the venture capital fund, when combined with any program fund money invested in a venture capital fund under the same management as that venture capital fund, exceeds the lesser of the following:

(1) Ten million dollars;

(2)(a) In the case of an Ohio-based venture capital fund, fifty per cent of the total amount of capital committed to the fund from all sources, after accounting for capital committed from the program fund;

(b) In the case of any other venture capital fund, twenty per cent of the total amount of capital committed to the fund from all sources, after accounting for capital committed from the program fund.

(F) It specifies that a program administrator or fund manager employed by the program administrator shall not commit capital from the program fund to a venture capital fund until the venture capital fund receives commitment of at least the same amount from other investors in the fund.

(G) It specifies the general conditions a private, for-profit investment fund must meet to be selected as a program administrator under section 150.05 of the Revised Code, including, as a significant selection standard, direct experience managing external or nonproprietary capital in private equity fund of funds formats.

(H) It specifies the criteria the authority must consider when making a determination under division (B)(1) of section 150.04 of the Revised Code.

(I) It includes investment standards and general limitations on allowable investments that the authority considers reasonable and necessary to achieve the purposes of this chapter as stated in division (B) of section 150.01 of the Revised Code, minimize the need for the authority to grant tax



credits under section 150.07 of the Revised Code, ensure compliance of the program administrators with all applicable laws of this state and the United States, and ensure the safety and soundness of investments of money from the program fund.

(J) It prohibits the investment of money from the program fund directly in persons other than venture capital funds, except for temporary investment in investment grade debt securities or temporary deposit in interest-bearing accounts or funds pending permanent investment in venture capital funds.