



Ohio Revised Code

Section 183.51 Assignment of amounts received by state under agreement.

Effective: September 29, 2011

Legislation: House Bill 153 - 129th General Assembly

(A) As used in this section and in the applicable bond proceedings unless otherwise provided:

(1) "Bond proceedings" means the resolutions, orders, indentures, purchase and sale and trust and other agreements including any amendments or supplements to them, and credit enhancement facilities, and amendments and supplements to them, or any one or more or combination of them, authorizing, awarding, or providing for the terms and conditions applicable to or providing for the security or liquidity of, the particular obligations, and the provisions contained in those obligations.

(2) "Bond service fund" means the bond service fund created in the bond proceedings for the obligations.

(3) "Capital facilities" means, as applicable, capital facilities or projects as referred to in section 151.03 or 151.04 of the Revised Code.

(4) "Consent decree" means the consent decree and final judgment entered November 25, 1998, in the court of common pleas of Franklin county, Ohio, as the same may be amended or supplemented from time to time.

(5) "Cost of capital facilities" has the same meaning as in section 151.01 of the Revised Code, as applicable.

(6) "Credit enhancement facilities," "financing costs," and "interest" or "interest equivalent" have the same meanings as in section 133.01 of the Revised Code.

(7) "Debt service" means principal, including any mandatory sinking fund or redemption requirements for retirement of obligations, interest and other accreted amounts, interest equivalent, and any redemption premium, payable on obligations. If not prohibited by the applicable bond proceedings, "debt service" may include costs relating to credit enhancement facilities that are



related to and represent, or are intended to provide a source of payment of or limitation on, other debt service.

(8) "Improvement fund" means, as applicable, the school building program assistance fund created in section 3318.25 of the Revised Code and the higher education improvement fund created in section 154.21 of the Revised Code.

(9) "Issuing authority" means the buckeye tobacco settlement financing authority created in section 183.52 of the Revised Code.

(10) "Net proceeds" means amounts received from the sale of obligations, excluding amounts used to refund or retire outstanding obligations, amounts required to be deposited into special funds pursuant to the applicable bond proceedings, and amounts to be used to pay financing costs.

(11) "Obligations" means bonds, notes, or other evidences of obligation of the issuing authority, including any appertaining interest coupons, issued by the issuing authority under this section and Section 2i of Article VIII, Ohio Constitution, for the purpose of providing funds to the state, in exchange for the assignment and sale described in division (B) of this section, for the purpose of paying costs of capital facilities for: (a) housing branches and agencies of state government limited to facilities for a system of common schools throughout the state and (b) state-supported or state-assisted institutions of higher education.

(12) "Pledged receipts" means, as and to the extent provided for in the applicable bond proceedings:

(a) Pledged tobacco settlement receipts;

(b) Accrued interest received from the sale of obligations;

(c) Income from the investment of the special funds;

(d) Additional or any other specific revenues or receipts lawfully available to be pledged, and pledged, pursuant to the bond proceedings, including but not limited to amounts received under credit enhancement facilities, to the payment of debt service.



(13) "Pledged tobacco settlement receipts" means all amounts received by the issuing authority pursuant to division (B) of this section.

(14) "Principal amount" means the aggregate of the amount as stated or provided for in the applicable bond proceedings as the amount on which interest or interest equivalent on particular obligations is initially calculated. "Principal amount" does not include any premium paid to the issuing authority by the initial purchaser of the obligations. "Principal amount" of a capital appreciation bond, as defined in division (C) of section 3334.01 of the Revised Code, means its original face amount and not its accreted value, and "principal amount" of a zero coupon bond, as defined in division (J) of section 3334.01 of the Revised Code, means the discounted offering price at which the bond is initially sold to the public, disregarding any purchase price discount to the original purchaser, if provided in or for pursuant to the bond proceedings.

(15) "Special funds" or "funds," unless the context indicates otherwise, means the bond service fund, and any other funds, including any reserve funds, created under the bond proceedings and stated to be special funds in those proceedings, including moneys and investments, and earnings from investments, credited and to be credited to the particular fund. "Special funds" does not include any improvement fund or investment earnings on amounts in any improvement fund, or other funds created by the bond proceedings that are not stated by those proceedings to be special funds.

(B) The state may assign and sell to the issuing authority, and the issuing authority may accept and purchase, all or a portion of the amounts to be received by the state under the tobacco master settlement agreement for a purchase price payable by the issuing authority to the state consisting of the net proceeds of obligations and any residual interest, if any. Any such assignment and sale shall be irrevocable in accordance with its terms during the period any obligations secured by amounts so assigned and sold are outstanding under the applicable bond proceedings, and shall constitute a contractual obligation to the holders or owners of those obligations. Any such assignment and sale shall also be treated as an absolute transfer and true sale for all purposes, and not as a pledge or other security interest. The characterization of any such assignment and sale as a true sale and absolute transfer shall not be negated or adversely affected by only a portion of the amounts to be received under the tobacco master settlement agreement being transferred, the acquisition or retention by the state of a residual interest, the participation of any state officer or employee as a



member or officer of, or providing staff support to, the issuing authority, any responsibility of an officer or employee of the state for collecting the amounts to be received under the tobacco master settlement agreement or otherwise enforcing that agreement or retaining any legal title to or interest in any portion of the amounts to be received under that agreement for the purpose of these collection activities, any characterization of the issuing authority or its obligations for purposes of accounting, taxation, or securities regulation, or by any other factors whatsoever. A true sale shall exist under this section regardless of whether the issuing authority has any recourse against the state or any other term of the bond proceedings or the treatment or characterization of the transfer as a financing for any purpose. Upon and following the assignment and sale, the state shall not have any right, title, or interest in the portion of the receipts under the tobacco master settlement agreement so assigned and sold, other than any residual interest that may be described in the applicable bond proceedings for those obligations, and that portion, if any, shall be the property of the issuing authority and not of the state, and shall be paid directly to the issuing authority, and shall be owned, received, held, and disbursed by the issuing authority and not by the state.

The state may covenant, pledge, and agree in the bond proceedings, with and for the benefit of the issuing authority, the holders and owners of obligations, and providers of any credit enhancement facilities, that it shall: (1) maintain statutory authority for, and cause to be collected and paid directly to the issuing authority or its assignee, the pledged receipts, (2) enforce the rights of the issuing authority to receive the receipts under the tobacco master settlement agreement assigned and sold to the issuing authority, (3) not materially impair the rights of the issuing authority to fulfill the terms of its agreements with the holders or owners of outstanding obligations under the bond proceedings, (4) not materially impair the rights and remedies of the holders or owners of outstanding obligations or materially impair the security for those outstanding obligations, and (5) enforce Chapter 1346. of the Revised Code, the tobacco master settlement agreement, and the consent decree to effectuate the collection of the pledged tobacco settlement receipts. The bond proceedings may provide or authorize the manner for determining material impairment of the security for any outstanding obligations, including by assessing and evaluating the pledged receipts in the aggregate.

As further provided for in division (H) of this section, the bond proceedings may also include such other covenants, pledges, and agreements by the state to protect and safeguard the security and rights of the holders and owners of the obligations, and of the providers of any credit enhancement



facilities, including, without limiting the generality of the foregoing, any covenant, pledge, or agreement customary in transactions involving the issuance of securities the debt service on which is payable from or secured by amounts received under the tobacco master settlement agreement. Notwithstanding any other provision of law, any covenant, pledge, and agreement of the state, if and when made in the bond proceedings, shall be controlling and binding upon, and enforceable against the state in accordance with its terms for so long as any obligations are outstanding under the applicable bond proceedings. The bond proceedings may also include limitations on the remedies available to the issuing authority, the holders and owners of the obligations, and the providers of any credit enhancement facilities, including, without limiting the generality of the foregoing, a provision that those remedies may be limited to injunctive relief in circumstances where there has been no prior determination by a court of competent jurisdiction that the state has not enforced Chapter 1346. of the Revised Code, the tobacco master settlement agreement, or the consent decree as may have been covenanted or agreed in the bond proceedings under division (B)(5) of this section.

Nothing in this section or the bond proceedings shall preclude or limit, or be construed to preclude or limit, the state from regulating or authorizing or permitting the regulation of smoking or from taxing and regulating the sale of cigarettes or other tobacco products, or from defending or prosecuting cases or other actions relating to the sale or use of cigarettes or other tobacco products. Except as otherwise may be agreed in writing by the attorney general, nothing in this section or the bond proceedings shall modify or limit, or be construed to modify or limit, the responsibility, power, judgment, and discretion of the attorney general to protect and discharge the duties, rights, and obligations of the state under the tobacco master settlement agreement, the consent decree, or Chapter 1346. of the Revised Code.

The governor and the director of budget and management, in consultation with the attorney general, on behalf of the state, and any member or officer of the issuing authority as authorized by that issuing authority, on behalf of the issuing authority, may take any action and execute any documents, including any purchase and sale agreements, necessary to effect the assignment and sale and the acceptance of the assignment and title to the receipts including, providing irrevocable direction to the escrow agent acting under the tobacco master settlement agreement to transfer directly to the issuing authority the amounts to be received under that agreement that are subject to such assignment and sale. Any purchase and sale agreement or other bond proceedings may contain



the terms and conditions established by the state and the issuing authority to carry out and effectuate the purposes of this section, including, without limitation, covenants binding the state in favor of the issuing authority and its assignees and the owners of the obligations. Any such purchase and sale agreement shall be sufficient to effectuate such purchase and sale without regard to any other laws governing other property sales or financial transactions by the state.

Not later than two years following the date on which there are no longer any obligations outstanding under the bond proceedings, all assets of the issuing authority shall vest in the state, the issuing authority shall execute any necessary assignments or instruments, including any assignment of any right, title, or ownership to the state for receipt of amounts under the tobacco master settlement agreement, and the issuing authority shall be dissolved.

(C) The issuing authority is authorized to issue and to sell obligations as provided in this section. The aggregate principal amount of obligations issued under this section shall not exceed six billion dollars, exclusive of obligations issued under division (M)(1) of this section to refund, renew, or advance refund other obligations issued or incurred. At least seventy-five per cent of the aggregate net proceeds of the obligations issued under the authority of this section, exclusive of obligations issued to refund, renew, or advance refund other obligations, shall be paid to the state for deposit into the school building program assistance fund created in section 3318.25 of the Revised Code.

(D) Each issue of obligations shall be authorized by resolution or order of the issuing authority. The bond proceedings shall provide for or authorize the manner for determining the principal amount or maximum principal amount of obligations of an issue, the principal maturity or maturities, the interest rate or rates, the date of and the dates of payment of interest on the obligations, their denominations, and the place or places of payment of debt service which may be within or outside the state. Unless otherwise provided by law, the latest principal maturity may not be later than the earlier of the thirty-first day of December of the fiftieth calendar year after the year of issuance of the particular obligations or of the fiftieth calendar year after the year in which the original obligation to pay was issued or entered into. Sections 9.96, 9.98, 9.981, 9.982, and 9.983 of the Revised Code apply to the obligations.

The purpose of the obligations may be stated in the bond proceedings in general terms, such as, as applicable, "paying costs of capital facilities for a system of common schools" and "paying costs of



facilities for state-supported and state-assisted institutions of higher education." Unless otherwise provided in the bond proceedings or in division (C) of this section, the net proceeds from the issuance of the obligations shall be paid to the state for deposit into the applicable improvement fund. In addition to the investments authorized in Chapter 135. of the Revised Code, the net proceeds held in an improvement fund may be invested by the treasurer of state in guaranteed investment contracts with providers rated at the time of any investment in the three highest rating categories by two nationally recognized rating agencies, all subject to the terms and conditions set forth in those agreements or the bond proceedings. Notwithstanding anything to the contrary in Chapter 3318. of the Revised Code, net proceeds of obligations deposited into the school building program assistance fund created in section 3318.25 of the Revised Code may be used to pay basic project costs under that chapter at the times determined by the Ohio school facilities commission without regard to whether those expenditures are in proportion to the state's and the school district's respective shares of that basic project cost; provided that this shall not result in any change in the state or school district shares of the basic project costs as determined under that chapter. As used in the preceding sentence, "Ohio school facilities commission" and "basic project costs" have the same meanings as in section 3318.01 of the Revised Code.

(E) The issuing authority may, without need for any other approval, appoint or provide for the appointment of paying agents, bond registrars, securities depositories, credit enhancement providers or counterparties, clearing corporations, and transfer agents, and retain or contract for the services of underwriters, investment bankers, financial advisers, accounting experts, marketing, remarketing, indexing, and administrative agents, other consultants, and independent contractors, including printing services, as are necessary in the judgment of the issuing authority to carry out the issuing authority's functions under this section and section 183.52 of the Revised Code. The attorney general as counsel to the issuing authority shall represent the authority in the execution of its powers and duties, and shall institute and prosecute all actions on its behalf. The issuing authority, in consultation with the attorney general, shall select counsel, and the attorney general shall appoint the counsel selected, for the purposes of carrying out the functions under this section and related sections of the Revised Code. Financing costs are payable, as may be provided in the bond proceedings, from the proceeds of the obligations, from special funds, or from other moneys available for the purpose, including as to future financing costs, from the pledged receipts.

(F) The issuing authority may irrevocably pledge and assign all, or such portion as the issuing



authority determines, of the pledged receipts to the payment of the debt service charges on obligations issued under this section, and for the establishment and maintenance of any reserves, as provided in the bond proceedings, and make other provisions in the bond proceedings with respect to pledged receipts as authorized by this section, which provisions are controlling notwithstanding any other provisions of law pertaining to them. Any and all pledged receipts received by the issuing authority and required by the bond proceedings, consistent with this section, to be deposited, transferred, or credited to the bond service fund, and all other money transferred or allocated to or received for the purposes of that fund, shall be deposited and credited to the bond service fund created in the bond proceedings for the obligations, subject to any applicable provisions of those bond proceedings, but without necessity for any act of appropriation. Those pledged receipts shall immediately be subject to the lien of that pledge without any physical delivery thereof or further act, and shall not be subject to other court judgments. The lien of the pledge of those pledged receipts shall be valid and binding against all parties having claims of any kind against the issuing authority, irrespective of whether those parties have notice thereof. The pledge shall create a perfected security interest for all purposes of Chapter 1309. of the Revised Code and a perfected lien for purposes of any other interest, all without the necessity for separation or delivery of funds or for the filing or recording of the applicable bond proceedings by which that pledge is created or any certificate, statement, or other document with respect thereto. The pledge of the pledged receipts shall be effective and the money therefrom and thereof may be applied to the purposes for which pledged.

(G) Obligations may be further secured, as determined by the issuing authority, by an indenture or a trust agreement between the issuing authority and a corporate trustee, which may be any trust company or bank having a place of business within the state. Any indenture or trust agreement may contain the resolution or order authorizing the issuance of the obligations, any provisions that may be contained in any bond proceedings, and other provisions that are customary or appropriate in an agreement of that type, including, but not limited to:

(1) Maintenance of each pledge, indenture, trust agreement, or other instrument comprising part of the bond proceedings until the issuing authority has fully paid or provided for the payment of debt service on the obligations secured by it;

(2) In the event of default in any payments required to be made by the bond proceedings,



enforcement of those payments or agreements by mandamus, the appointment of a receiver, suit in equity, action at law, or any combination of them;

(3) The rights and remedies of the holders or owners of obligations and of the trustee and provisions for protecting and enforcing them, including limitations on rights of individual holders and owners.

(H) The bond proceedings may contain additional provisions customary or appropriate to the financing or to the obligations or to particular obligations including, but not limited to, provisions for:

(1) The redemption of obligations prior to maturity at the option of the issuing authority or of the holder or upon the occurrence of certain conditions, and at a particular price or prices and under particular terms and conditions;

(2) The form of and other terms of the obligations;

(3) The establishment, deposit, investment, and application of special funds, and the safeguarding of moneys on hand or on deposit, in lieu of the applicability of provisions of Chapter 131. or 135. of the Revised Code, but subject to any special provisions of this section with respect to the application of particular funds or moneys. Any financial institution that acts as a depository of any moneys in special funds or other funds under the bond proceedings may furnish indemnifying bonds or pledge securities as required by the issuing authority.

(4) Any or every provision of the bond proceedings being binding upon the issuing authority and upon such governmental agency or entity, officer, board, authority, agency, department, institution, district, or other person or body as may from time to time be authorized to take actions as may be necessary to perform all or any part of the duty required by the provision;

(5) The maintenance of each pledge or instrument comprising part of the bond proceedings until the issuing authority has fully paid or provided for the payment of the debt service on the obligations or met other stated conditions;

(6) In the event of default in any payments required to be made by the bond proceedings, or by any



other agreement of the issuing authority made as part of a contract under which the obligations were issued or secured, including a credit enhancement facility, the enforcement of those payments by mandamus, a suit in equity, an action at law, or any combination of those remedial actions;

(7) The rights and remedies of the holders or owners of obligations or of book-entry interests in them, and of third parties under any credit enhancement facility, and provisions for protecting and enforcing those rights and remedies, including limitations on rights of individual holders or owners;

(8) The replacement of mutilated, destroyed, lost, or stolen obligations;

(9) The funding, refunding, or advance refunding, or other provision for payment, of obligations that will then no longer be outstanding for purposes of this section or of the applicable bond proceedings;

(10) Amendment of the bond proceedings;

(11) Any other or additional agreements with the owners of obligations, and such other provisions as the issuing authority determines, including limitations, conditions, or qualifications, relating to any of the foregoing or the activities of the issuing authority in connection therewith.

The bond proceedings shall make provision for the payment of the expenses of the enforcement activity of the attorney general referred to in division (B) of this section from the amounts from the tobacco master settlement agreement assigned and sold to the issuing authority under that division or from the proceeds of obligations, or a combination thereof, which may include provision for both annual payments and a special fund providing reserve amounts for the payment of those expenses.

The issuing authority shall not, and shall covenant in the bond proceedings that it shall not, be authorized to and shall not file a voluntary petition under the United States Bankruptcy Code, 11 U.S.C. 101 et seq., as amended, or voluntarily commence any similar bankruptcy proceeding under state law including, without limitation, consenting to the appointment of a receiver or trustee or making a general or specific assignment for the benefit of creditors, and neither any public officer or any organization, entity, or other person shall authorize the issuing authority to be or become a debtor under the United States Bankruptcy Code or take any of those actions under the United States



Bankruptcy Code or state law. The state hereby covenants, and the issuing authority shall covenant, with the holders or owners of the obligations, that the state shall not permit the issuing authority to file a voluntary petition under the United States Bankruptcy Code or take any of those actions under the United States Bankruptcy Code or state law during the period obligations are outstanding and for any additional period for which the issuing authority covenants in the bond proceedings, which additional period may, but need not, be a period of three hundred sixty-seven days or more.

(I) The obligations requiring execution by or for the issuing authority shall be signed as provided in the bond proceedings, and may bear the official seal of the issuing authority or a facsimile thereof. Any obligation may be signed by the individual who, on the date of execution, is the authorized signer even though, on the date of the obligations, that individual is not an authorized signer. In case the individual whose signature or facsimile signature appears on any obligation ceases to be an authorized signer before delivery of the obligation, that signature or facsimile is nevertheless valid and sufficient for all purposes as if that individual had remained the authorized signer until delivery.

(J) Obligations are investment securities under Chapter 1308. of the Revised Code. Obligations may be issued in bearer or in registered form, registrable as to principal alone or as to both principal and interest, or both, or in certificated or uncertificated form, as the issuing authority determines. Provision may be made for the exchange, conversion, or transfer of obligations and for reasonable charges for registration, exchange, conversion, and transfer. Pending preparation of final obligations, the issuing authority may provide for the issuance of interim instruments to be exchanged for the final obligations.

(K) Obligations may be sold at public sale or at private sale, in such manner, and at such price at, above, or below par, all as determined by and provided by the issuing authority in the bond proceedings.

(L) Except to the extent that rights are restricted by the bond proceedings, any owner of obligations or provider of or counterparty to a credit enhancement facility may by any suitable form of legal proceedings protect and enforce any rights relating to obligations or that facility under the laws of this state or granted by the bond proceedings. Those rights include the right to compel the



performance of all applicable duties of the issuing authority and the state. Each duty of the issuing authority and that issuing authority's officers, staff, and employees, and of each state entity or agency, or using district or using institution, and its officers, members, staff, or employees, undertaken pursuant to the bond proceedings, is hereby established as a duty of the entity or individual having authority to perform that duty, specifically enjoined by law and resulting from an office, trust, or station within the meaning of section 2731.01 of the Revised Code. The individuals who are from time to time members of the issuing authority, or their designees acting pursuant to section 183.52 of the Revised Code, or the issuing authority's officers, staff, agents, or employees, when acting within the scope of their employment or agency, shall not be liable in their personal capacities on any obligations or otherwise under the bond proceedings, or for otherwise exercising or carrying out any purposes or powers of the issuing authority.

(M)(1) Subject to any applicable limitations in division (C) of this section, the issuing authority may also authorize and provide for the issuance of:

(a) Obligations in the form of bond anticipation notes, and may authorize and provide for the renewal of those notes from time to time by the issuance of new notes. The holders of notes or appertaining interest coupons have the right to have debt service on those notes paid solely from the moneys and special funds, and all or any portion of the pledged receipts, that are or may be pledged to that payment, including the proceeds of bonds or renewal notes or both, as the issuing authority provides in the bond proceedings authorizing the notes. Notes may be additionally secured by covenants of the issuing authority to the effect that the issuing authority will do all things necessary for the issuance of bonds or renewal notes in such principal amount and upon such terms as may be necessary to provide moneys to pay when due the debt service on the notes, and apply their proceeds to the extent necessary, to make full and timely payment of debt service on the notes as provided in the applicable bond proceedings. In the bond proceedings authorizing the issuance of bond anticipation notes the issuing authority shall set forth for the bonds anticipated an estimated schedule of annual principal payments the latest of which shall be no later than provided in division (D) of this section. While the notes are outstanding there shall be deposited, as shall be provided in the bond proceedings for those notes, from the sources authorized for payment of debt service on the bonds, amounts sufficient to pay the principal of the bonds anticipated as set forth in that estimated schedule during the time the notes are outstanding, which amounts shall be used solely to pay the principal of those notes or of the bonds anticipated.



(b) Obligations for the refunding, including funding and retirement, and advance refunding, with or without payment or redemption prior to maturity, of any obligations previously issued under this section and any bonds or notes previously issued for the purpose of paying costs of capital facilities for: (i) state-supported or state-assisted institutions of higher education as authorized by sections 151.01 and 151.04 of the Revised Code, pursuant to Sections 2i and 2n of Article VIII, Ohio Constitution, and (ii) housing branches and agencies of state government limited to facilities for a system of common schools throughout the state as authorized by sections 151.01 and 151.03 of the Revised Code, pursuant to Sections 2i and 2n of Article VIII, Ohio Constitution. Refunding obligations may be issued in amounts sufficient to pay or to provide for repayment of the principal amount, including principal amounts maturing prior to the redemption of the remaining prior obligations or bonds or notes, any redemption premium, and interest accrued or to accrue to the maturity or redemption date or dates, payable on the prior obligations or bonds or notes, and related financing costs and any expenses incurred or to be incurred in connection with that issuance and refunding. Subject to the applicable bond proceedings, the portion of the proceeds of the sale of refunding obligations issued under division (M)(1)(b) of this section to be applied to debt service on the prior obligations or bonds or notes shall be credited to an appropriate separate account in the bond service fund and held in trust for the purpose by the issuing authority or by a corporate trustee, and may be invested as provided in the bond proceedings. Obligations authorized under this division shall be considered to be issued for those purposes for which the prior obligations or bonds or notes were issued.

(2) The principal amount of refunding, advance refunding, or renewal obligations issued pursuant to division (M) of this section shall be in addition to the amount authorized in division (C) of this section.

(N) Obligations are lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other special funds of the state and political subdivisions and taxing districts of this state, notwithstanding any other provisions of the Revised Code or rules adopted pursuant to those provisions by any state agency with respect to investments by them, and are also acceptable as security for the repayment of the deposit of public moneys. The exemptions from taxation in



Ohio as provided for in particular sections of the Ohio Constitution and section 5709.76 of the Revised Code apply to the obligations.

(O)(1) Unless otherwise provided or provided for in any applicable bond proceedings, moneys to the credit of or in a special fund shall be disbursed on the order of the issuing authority. No such order is required for the payment, from the bond service fund or other special fund, when due of debt service or required payments under credit enhancement facilities.

(2) Payments received by the issuing authority under interest rate hedges entered into as credit enhancement facilities under this section shall be deposited as provided in the applicable bond proceedings.

(P) The obligations shall not be general obligations of the state and the full faith and credit, revenue, and taxing power of the state shall not be pledged to the payment of debt service on them or to any guarantee of the payment of that debt service. The holders or owners of the obligations shall have no right to have any moneys obligated or pledged for the payment of debt service except as provided in this section and in the applicable bond proceedings. The rights of the holders and owners to payment of debt service are limited to all or that portion of the pledged receipts, and those special funds, pledged to the payment of debt service pursuant to the bond proceedings in accordance with this section, and each obligation shall bear on its face a statement to that effect.

(Q) Each bond service fund is a trust fund and is hereby pledged to the payment of debt service on the applicable obligations. Payment of that debt service shall be made or provided for by the issuing authority in accordance with the bond proceedings without necessity for any act of appropriation. The bond proceedings may provide for the establishment of separate accounts in the bond service fund and for the application of those accounts only to debt service on specific obligations, and for other accounts in the bond service fund within the general purposes of that fund.

(R) Subject to the bond proceedings pertaining to any obligations then outstanding in accordance with their terms, the issuing authority may in the bond proceedings pledge all, or such portion as the issuing authority determines, of the moneys in the bond service fund to the payment of debt service on particular obligations, and for the establishment and maintenance of any reserves for payment of particular debt service.



(S)(1) Unless otherwise provided in any applicable bond proceedings, moneys to the credit of special funds may be invested by or on behalf of the issuing authority only in one or more of the following:

(a) Notes, bonds, or other direct obligations of the United States or of any agency or instrumentality of the United States, or in no-front-end-load money market mutual funds consisting exclusively of those obligations, or in repurchase agreements, including those issued by any fiduciary, secured by those obligations, or in collective investment funds consisting exclusively of those obligations;

(b) Obligations of this state or any political subdivision of this state;

(c) Certificates of deposit of any national bank located in this state and any bank, as defined in section 1101.01 of the Revised Code, subject to inspection by the superintendent of financial institutions;

(d) The treasurer of state's pooled investment program under section 135.45 of the Revised Code;

(e) Other investment agreements or repurchase agreements that are consistent with the ratings on the obligations.

(2) The income from investments referred to in division (S)(1) of this section shall be credited to special funds or otherwise as the issuing authority determines in the bond proceedings. Those investments may be sold or exchanged at times as the issuing authority determines, provides for, or authorizes.

(T) The treasurer of state shall have responsibility for keeping records, making reports, and making payments, relating to any arbitrage rebate requirements under the applicable bond proceedings.

(U) The issuing authority shall make quarterly reports to the general assembly of the amounts in, and activities of, each improvement fund, including amounts and activities on the subfund level. Each report shall include a detailed description and analysis of the amount of proceeds remaining in each fund from the sale of obligations pursuant to this section, and any other deposits, credits,



interest earnings, disbursements, expenses, transfers, or activities of each fund.

(V) The costs of the annual audit of the authority conducted pursuant to section 117.112 of the Revised Code are payable, as may be provided in the bond proceedings, from the proceeds of the obligations, from special funds, or from other moneys available for the purpose, including as to future financing costs, from the pledged receipts.