

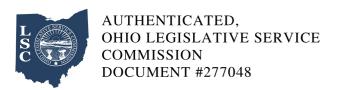
Ohio Revised Code

Section 151.01 Issuing obligations for paying costs of capital facilities or projects.

Effective: September 10, 2012

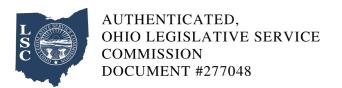
Legislation: House Bill 487 - 129th General Assembly

- (A) As used in sections 151.01 to 151.11 and 151.40 of the Revised Code and in the applicable bond proceedings unless otherwise provided:
- (1) "Bond proceedings" means the resolutions, orders, agreements, 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 respective bond service fund created by section 151.03, 151.04, 151.05, 151.06, 151.07, 151.08, 151.09, 151.10, 151.11, or 151.40 of the Revised Code, and any accounts in that fund, including all moneys and investments, and earnings from investments, credited and to be credited to that fund and accounts as and to the extent provided in the applicable bond proceedings.
- (3) "Capital facilities" means capital facilities or projects as referred to in section 151.03, 151.04, 151.05, 151.06, 151.07, 151.08, 151.09, 151.10, 151.11, or 151.40 of the Revised Code.
- (4) "Costs of capital facilities" means the costs of acquiring, constructing, reconstructing, rehabilitating, remodeling, renovating, enlarging, improving, equipping, or furnishing capital facilities, and of the financing of those costs. "Costs of capital facilities" includes, without limitation, and in addition to costs referred to in section 151.03, 151.04, 151.05, 151.06, 151.07, 151.08, 151.09, 151.10, 151.11, or 151.40 of the Revised Code, the cost of clearance and preparation of the site and of any land to be used in connection with capital facilities, the cost of any indemnity and surety bonds and premiums on insurance, all related direct administrative expenses and allocable portions of direct costs of the issuing authority, costs of engineering and architectural services, designs, plans, specifications, surveys, and estimates of cost, financing costs, interest on obligations, including but not limited to, interest from the date of their issuance to the



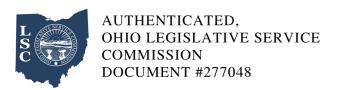
time when interest is to be paid from sources other than proceeds of obligations, amounts necessary to establish any reserves as required by the bond proceedings, the reimbursement of all moneys advanced or applied by or borrowed from any person or governmental agency or entity for the payment of any item of costs of capital facilities, and all other expenses necessary or incident to planning or determining feasibility or practicability with respect to capital facilities, and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, rehabilitation, remodeling, renovation, enlargement, improvement, equipment, and furnishing of capital facilities, the financing of those costs, and the placing of the capital facilities in use and operation, including any one, part of, or combination of those classes of costs and expenses. For purposes of sections 122.085 to 122.0820 of the Revised Code, "costs of capital facilities" includes "allowable costs" as defined in section 122.085 of the Revised Code.

- (5) "Credit enhancement facilities," "financing costs," and "interest" or "interest equivalent" have the same meanings as in section 133.01 of the Revised Code.
- (6) "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.
- (7) "Issuing authority" means the Ohio public facilities commission created in section 151.02 of the Revised Code for obligations issued under section 151.03, 151.04, 151.05, 151.07, 151.08, 151.09, 151.10, or 151.11 of the Revised Code, or the treasurer of state, or the officer who by law performs the functions of that office, for obligations issued under section 151.06 or 151.40 of the Revised Code.
- (8) "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.
- (9) "Obligations" means bonds, notes, or other evidences of obligation of the state, including any



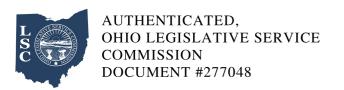
appertaining interest coupons, issued under Section 2k, 2l, 2m, 2n, 2o, 2p, 2q, or 15 of Article VIII, Ohio Constitution, and pursuant to sections 151.01 to 151.11 or 151.40 of the Revised Code or other general assembly authorization.

- (10) "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 state 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 face amount, 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 for pursuant to the bond proceedings.
- (11) "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 do not include the school building program assistance fund created by section 3318.25 of the Revised Code, the higher education improvement fund created by division (F) of section 154.21 of the Revised Code, the higher education improvement taxable fund created by division (G) of section 154.21 of the Revised Code, the highway capital improvement bond fund created by section 5528.53 of the Revised Code, the state parks and natural resources fund created by section 1557.02 of the Revised Code, the coal research and development fund created by section 1555.15 of the Revised Code, the clean Ohio conservation fund created by section 164.27 of the Revised Code, the clean Ohio revitalization fund created by section 122.658 of the Revised Code, the job ready site development fund created by section 122.0820 of the Revised Code, the third frontier research and development fund created by section 184.19 of the Revised Code, the third frontier research and development taxable bond fund created by section 184.191 of the Revised Code, or other funds created by the bond proceedings that are not stated by those proceedings to be special funds.
- (B) Subject to Section 21, 2m, 2n, 2o, 2p, 2q, or 15, and Section 17, of Article VIII, Ohio Constitution, the state, by the issuing authority, is authorized to issue and sell, as provided in



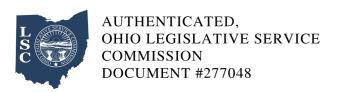
sections 151.03 to 151.11 or 151.40 of the Revised Code, and in respective aggregate principal amounts as from time to time provided or authorized by the general assembly, general obligations of this state for the purpose of paying costs of capital facilities or projects identified by or pursuant to general assembly action.

- (C) 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 twenty-fifth calendar year after the year of issuance of the particular obligations or of the twenty-fifth 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 obligations. The purpose of the obligations may be stated in the bond proceedings in general terms, such as, as applicable, "financing or assisting in the financing of projects as provided in Section 21 of Article VIII, Ohio Constitution," "financing or assisting in the financing of highway capital improvement projects as provided in Section 2m of Article VIII, Ohio Constitution," "paying costs of capital facilities for a system of common schools throughout the state as authorized by Section 2n of Article VIII, Ohio Constitution," "paying costs of capital facilities for state-supported and state-assisted institutions of higher education as authorized by Section 2n of Article VIII, Ohio Constitution," "paying costs of coal research and development as authorized by Section 15 of Article VIII, Ohio Constitution," "financing or assisting in the financing of local subdivision capital improvement projects as authorized by Section 2m of Article VIII, Ohio Constitution," "paying costs of conservation projects as authorized by Sections 20 and 2q of Article VIII, Ohio Constitution," "paying costs of revitalization projects as authorized by Sections 20 and 2q of Article VIII, Ohio Constitution," "paying costs of preparing sites for industry, commerce, distribution, or research and development as authorized by Section 2p of Article VIII, Ohio Constitution," or "paying costs of research and development as authorized by Section 2p of Article VIII, Ohio Constitution."
- (D) The issuing authority may appoint or provide for the appointment of paying agents, bond registrars, securities depositories, clearing corporations, and transfer agents, and may without need

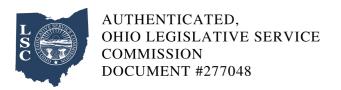


for any other approval retain or contract for the services of underwriters, investment bankers, financial advisers, accounting experts, marketing, remarketing, indexing, and administrative agents, other consultants, and independent contractors, including printing services, as are necessary in the judgment of the issuing authority to carry out the issuing authority's functions under this chapter. When the issuing authority is the Ohio public facilities commission, the issuing authority also may without need for any other approval retain or contract for the services of attorneys and other professionals for that purpose. 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.

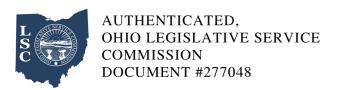
- (E) The bond proceedings may contain additional provisions customary or appropriate to the financing or to the obligations or to particular obligations including, but not limited to, provisions for:
- (1) The redemption of obligations prior to maturity at the option of the state or of the holder or upon the occurrence of certain conditions, and at 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 sections 151.01 to 151.11 or 151.40 of the Revised Code 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, commission, 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;



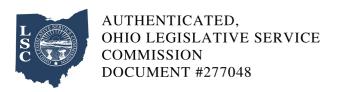
- (5) The maintenance of each pledge or instrument comprising part of the bond proceedings until the state has fully paid or provided for the payment of the debt service on the obligations or met other stated conditions;
- (6) In the event of default in any payments required to be made by the bond proceedings, 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.
- (F) The great seal of the state or a facsimile of it may be affixed to or printed on the obligations. The obligations requiring execution by or for the issuing authority shall be signed as provided in the bond proceedings. Any obligations may be signed by the individual who on the date of execution is the authorized signer although on the date of these 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.



- (G) 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.
- (H) 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.
- (I) Except to the extent that rights are restricted by the bond proceedings, any owner of obligations or provider of 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 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 the issuing authority, members or officers of the issuing authority, or those members' designees acting pursuant to section 151.02 of the Revised Code, or the issuing authority's officers, staff, or employees, are not liable in their personal capacities on any obligations or otherwise under the bond proceedings.
- (J)(1) Subject to Section 2k, 2l, 2m, 2n, 2o, 2p, 2q, or 15, and Section 17, of Article VIII, Ohio Constitution and sections 151.01 to 151.11 or 151.40 of the Revised Code, the issuing authority may, in addition to the authority referred to in division (B) of this section, authorize and provide for the issuance of:

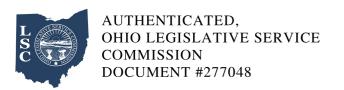


- (a) Obligations in the form of bond anticipation notes, and may provide for the renewal of those notes from time to time by the issuance of new notes. The holders of notes or appertaining interest coupons have the right to have debt service on those notes paid solely from the moneys and special funds 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 and the state 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 (C) 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. 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, any redemption premium, and interest accrued or to accrue to the maturity or redemption date or dates, payable on the prior obligations, 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 (J)(1)(b) of this section to be applied to debt service on the prior obligations 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. Obligations authorized under this division shall be considered to be issued for those purposes for which the prior obligations were issued.
- (2) Except as otherwise provided in sections 151.01 to 151.11 or 151.40 of the Revised Code, bonds or notes authorized pursuant to division (J) of this section are subject to the provisions of



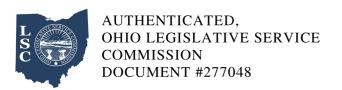
those sections pertaining to obligations generally.

- (3) The principal amount of refunding or renewal obligations issued pursuant to division (J) of this section shall be in addition to the amount authorized by the general assembly as referred to in division (B) of the following sections: section 151.03, 151.04, 151.05, 151.06, 151.07, 151.08, 151.09, 151.10, 151.11, or 151.40 of the Revised Code.
- (K) 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, the sinking fund, the administrator of workers' compensation subject to the approval of the workers' compensation board, the state teachers retirement system, the public employees retirement system, the school employees retirement system, and the Ohio police and fire pension fund, 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.
- (L)(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 state under interest rate hedges entered into as credit enhancement facilities under this chapter shall be deposited to the credit of the bond service fund for the obligations to which those credit enhancement facilities relate.
- (M) The full faith and credit, revenue, and taxing power of the state are and shall be pledged to the timely payment of debt service on outstanding obligations as it comes due, all in accordance with Section 2k, 2l, 2m, 2n, 2o, 2p, 2q, or 15 of Article VIII, Ohio Constitution, and section 151.03, 151.04, 151.05, 151.06, 151.07, 151.08, 151.09, 151.10, or 151.11 of the Revised Code. Moneys



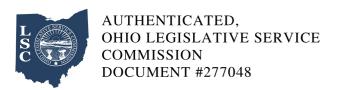
referred to in Section 5a of Article XII, Ohio Constitution, may not be pledged or used for the payment of debt service except on obligations referred to in section 151.06 of the Revised Code. Net state lottery proceeds, as provided for and referred to in section 3770.06 of the Revised Code, may not be pledged or used for the payment of debt service except on obligations referred to in section 151.03 of the Revised Code. The state covenants, and that covenant shall be controlling notwithstanding any other provision of law, that the state and the applicable officers and agencies of the state, including the general assembly, shall, so long as any obligations are outstanding in accordance with their terms, maintain statutory authority for and cause to be levied, collected and applied sufficient pledged excises, taxes, and revenues of the state so that the revenues shall be sufficient in amounts to pay debt service when due, to establish and maintain any reserves and other requirements, and to pay financing costs, including costs of or relating to credit enhancement facilities, all as provided for in the bond proceedings. Those excises, taxes, and revenues are and shall be deemed to be levied and collected, in addition to the purposes otherwise provided for by law, to provide for the payment of debt service and financing costs in accordance with sections 151.01 to 151.11 of the Revised Code and the bond proceedings.

- (N) The general assembly may from time to time repeal or reduce any excise, tax, or other source of revenue pledged to the payment of the debt service pursuant to Section 2k, 2l, 2m, 2n, 2o, 2p, 2q, or 15 of Article VIII, Ohio Constitution, and sections 151.01 to 151.11 or 151.40 of the Revised Code, and may levy, collect and apply any new or increased excise, tax, or revenue to meet the pledge, to the payment of debt service on outstanding obligations, of the state's full faith and credit, revenue and taxing power, or of designated revenues and receipts, except fees, excises or taxes referred to in Section 5a of Article XII, Ohio Constitution, for other than obligations referred to in section 151.06 of the Revised Code and except net state lottery proceeds for other than obligations referred to in section 151.03 of the Revised Code. Nothing in division (N) of this section authorizes any impairment of the obligation of this state to levy and collect sufficient excises, taxes, and revenues to pay debt service on obligations outstanding in accordance with their terms.
- (O) 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.

- (P) 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.
- (Q) The issuing authority shall by the fifteenth day of July of each fiscal year, certify or cause to be certified to the office of budget and management the total amount of moneys required during the current fiscal year to meet in full all debt service on the respective obligations and any related financing costs payable from the applicable bond service fund and not from the proceeds of refunding or renewal obligations. The issuing authority shall make or cause to be made supplemental certifications to the office of budget and management for each debt service payment date and at such other times during each fiscal year as may be provided in the bond proceedings or requested by that office. Debt service, costs of credit enhancement facilities, and other financing costs shall be set forth separately in each certification. If and so long as the moneys to the credit of the bond service fund, together with any other moneys available for the purpose, are insufficient to meet in full all payments when due of the amount required as stated in the certificate or otherwise, the office of budget and management shall at the times as provided in the bond proceedings, and consistent with any particular provisions in sections 151.03 to 151.11 and 151.40 of the Revised Code, transfer a sufficient amount to the bond service fund from the pledged revenues in the case of obligations issued pursuant to section 151.40 of the Revised Code, and in the case of other obligations from the revenues derived from excises, taxes, and other revenues, including net state lottery proceeds in the case of obligations referred to in section 151.03 of the Revised Code.
- (R) Unless otherwise provided in any applicable bond proceedings, moneys to the credit of special funds may be invested by or on behalf of the state only in one or more of the following:
- (1) 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;

- (2) Obligations of this state or any political subdivision of this state;
- (3) 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;
- (4) The treasurer of state's pooled investment program under section 135.45 of the Revised Code.

The income from investments referred to in division (R) of this section shall, unless otherwise provided in sections 151.01 to 151.11 or 151.40 of the Revised Code, 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.

(S) 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.