

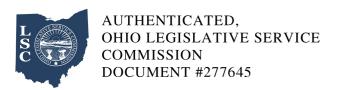
Ohio Revised Code Section 3333.59 Bonds.

Effective: September 29, 2015

Legislation: House Bill 64 - 131st General Assembly

(A) As used in this section:

- (1) "Allocated state share of instruction" means, for any fiscal year, the amount of the state share of instruction appropriated to the department of higher education by the general assembly that is allocated to a community or technical college or community or technical college district for such fiscal year.
- (2) "Issuing authority" has the same meaning as in section 154.01 of the Revised Code.
- (3) "Bond service charges" has the same meaning as in section 154.01 of the Revised Code.
- (4) "Chancellor" means the chancellor of higher education.
- (5) "Community or technical college" or "college" means any of the following state-supported or state-assisted institutions of higher education:
- (a) A community college as defined in section 3354.01 of the Revised Code;
- (b) A technical college as defined in section 3357.01 of the Revised Code;
- (c) A state community college as defined in section 3358.01 of the Revised Code.
- (6) "Community or technical college district" or "district" means any of the following institutions of higher education that are state-supported or state-assisted:
- (a) A community college district as defined in section 3354.01 of the Revised Code;
- (b) A technical college district as defined in section 3357.01 of the Revised Code;

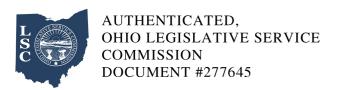


- (c) A state community college district as defined in section 3358.01 of the Revised Code.
- (7) "Credit enhancement facilities" has the same meaning as in section 133.01 of the Revised Code.
- (8) "Obligations" has the meaning as in section 154.01 or 3345.12 of the Revised Code, as the context requires.
- (B) The board of trustees of any community or technical college district authorizing the issuance of obligations under section 3354.12, 3354.121, 3357.11, 3357.112, or 3358.10 of the Revised Code, or for whose benefit and on whose behalf the issuing authority proposes to issue obligations under section 154.25 of the Revised Code, may adopt a resolution requesting the chancellor to enter into an agreement with the community or technical college district and the primary paying agent or fiscal agent for such obligations, providing for the withholding and deposit of funds otherwise due the district or the community or technical college it operates in respect of its allocated state share of instruction, for the payment of bond service charges on such obligations.

The board of trustees shall deliver to the chancellor a copy of the resolution and any additional pertinent information the chancellor may require.

The chancellor and the office of budget and management, and the issuing authority in the case of obligations to be issued by the issuing authority, shall evaluate each request received from a community or technical college district under this section. The chancellor, with the advice and consent of the director of budget and management and the issuing authority in the case of obligations to be issued by the issuing authority, shall approve each request if all of the following conditions are met:

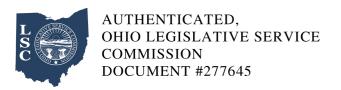
- (1) Approval of the request will enhance the marketability of the obligations for which the request is made:
- (2) The chancellor and the office of budget and management, and the issuing authority in the case of obligations to be issued by the issuing authority, have no reason to believe the requesting community or technical college district or the community or technical college it operates will be unable to pay



when due the bond service charges on the obligations for which the request is made, and bond service charges on those obligations are therefore not anticipated to be paid pursuant to this section from the allocated state share of instruction for purposes of Section 17 of Article VIII, Ohio Constitution.

- (3) Any other pertinent conditions established in rules adopted under division (H) of this section.
- (C) If the chancellor approves the request of a community or technical college district to withhold and deposit funds pursuant to this section, the chancellor shall enter into a written agreement with the district and the primary paying agent or fiscal agent for the obligations, which agreement shall provide for the withholding of funds pursuant to this section for the payment of bond service charges on those obligations. The agreement may also include both of the following:
- (1) Provisions for certification by the district to the chancellor, prior to the deadline for payment of the applicable bond service charges, whether the district and the community or technical college it operates are able to pay those bond service charges when due;
- (2) Requirements that the district or the community or technical college it operates deposits amounts for the payment of those bond service charges with the primary paying agent or fiscal agent for the obligations prior to the date on which the bond service charges are due to the owners or holders of the obligations.
- (D) Whenever a district or the community or technical college it operates notifies the chancellor that it will not be able to pay the bond service charges when they are due, subject to the withholding provisions of this section, or whenever the applicable paying agent or fiscal agent notifies the chancellor that it has not timely received from a district or from the college it operates the full amount needed for payment of the bond service charges when due to the holders or owners of such obligations, the chancellor shall immediately contact the district or college and the paying agent or fiscal agent to confirm that the district and the college are not able to make the required payment by the date on which it is due.

If the chancellor confirms that the district and the college are not able to make the payment and the payment will not be made pursuant to a credit enhancement facility, the chancellor shall promptly

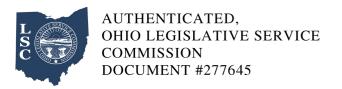


pay to the applicable primary paying agent or fiscal agent the lesser of the amount due for bond service charges or the amount of the next periodic distribution scheduled to be made to the district or to the college in respect of its allocated state share of instruction. If this amount is insufficient to pay the total amount then due the agent for the payment of bond service charges, the chancellor shall continue to pay to the agent from each periodic distribution thereafter, and until the full amount due the agent for unpaid bond service charges is paid in full, the lesser of the remaining amount due the agent for bond service charges or the amount of the next periodic distribution scheduled to be made to the district or college in respect of its allocated state share of instruction.

(E) The chancellor may make any payments under this section by direct deposit of funds by electronic transfer.

Any amount received by a paying agent or fiscal agent under this section shall be applied only to the payment of bond service charges on the obligations of the community or technical college district or community or technical college subject to this section or to the reimbursement of the provider of a credit enhancement facility that has paid the bond service charges.

- (F) The chancellor may make payments under this section to paying agents or fiscal agents during any fiscal biennium of the state only from and to the extent that money is appropriated to the department by the general assembly for distribution during such biennium for the state share of instruction and only to the extent that a portion of the state share of instruction has been allocated to the community or technical college district or community or technical college. Obligations of the issuing authority or of a community or technical college district to which this section is made applicable do not constitute an obligation or a debt or a pledge of the faith, credit, or taxing power of the state, and the holders or owners of those obligations have no right to have excises or taxes levied or appropriations made by the general assembly for the payment of bond service charges on the obligations, and the obligations shall contain a statement to that effect. The agreement for or the actual withholding and payment of money under this section does not constitute the assumption by the state of any debt of a community or technical college district or a community or technical college, and bond service charges on the related obligations are not anticipated to be paid from the state general revenue fund for purposes of Section 17 of Article VIII, Ohio Constitution.
- (G) In the case of obligations subject to the withholding provisions of this section, the issuing



community or technical college district, or the issuing authority in the case of obligations issued by the issuing authority, shall appoint a paying agent or fiscal agent who is not an officer or employee of the district or college.

- (H) The chancellor, with the advice and consent of the office of budget and management, may adopt reasonable rules not inconsistent with this section for the implementation of this section to secure payment of bond service charges on obligations issued by a community or technical college district or by the issuing authority for the benefit of a community or technical college district or the community or technical college it operates. Those rules shall include criteria for the evaluation and approval or denial of community or technical college district requests for withholding under this section.
- (I) The authority granted by this section is in addition to and not a limitation on any other authorizations granted by or pursuant to law for the same or similar purposes.