Jennifer A. Parker *Legislative Service Commission*

Sub. H.B. 431*

125th General Assembly
(As Reported by S. Finance & Financial Institutions)

Reps. Schneider, Clancy, Peterson, Hollister, Schmidt, Seitz, Carmichael, Carano, Aslanides, Beatty, Flowers, Barrett, Daniels, Chandler, Gilb, Kearns, Koziura, McGregor, Miller, Olman, Strahorn, Skindell, Woodard, Sferra, Allen, Brown, Cirelli, DeBose, Domenick, C. Evans, Grendell, Key, Oelslager, S. Patton, T. Patton, Price, Slaby, Ujvagi, Wilson

BILL SUMMARY

Ohio Housing Finance Agency

- Removes the Ohio Housing Finance Agency from the Department of Development, and establishes the Agency as an independent entity administered by an 11-member board.
- Establishes the Agency's mission as assisting with the financing, refinancing, production, development, and preservation of safe, decent, and affordable housing for low- and moderate-income households and promoting community development, economic stability, and growth in Ohio.
- Specifies the Agency's membership as the Director of Development, the Director of Commerce, and nine specified members appointed by the Governor with the advice and consent of the Senate.
- Establishes six-year terms of office for the appointed Agency members.
- Requires Agency members to meet ethics requirements, and provides specified exemptions from ethics laws when members do not participate in decisions.

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* *This analysis was prepared before the report of the Senate Finance and Financial Institutions Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.*

- Establishes compensation for Agency members of $250 per meeting, not to exceed $4,000 per year, and permits reimbursement for expenses incurred in the discharge of their official duties.

- Directs the Governor to appoint the Agency's chairperson, requires the Agency's members to elect a vice chairperson, and permits the Agency's members to appoint other necessary officers.

- Requires the Agency to maintain records and, annually, prepare an annual plan, a financial report, and report of programs and conduct at least one public hearing the purpose of which is to obtain public input about Agency programs.

- Requires the Agency to adopt bylaws and an operating budget.

- Requires the Agency to serve as the housing credit agency for the state and to administer state and federal programs.

- Permits the Agency to issue bonds and administer programs of financial assistance.

- Enables the Agency to provide emergency or disaster financial housing assistance when the Governor declares a state of emergency.

- Requires that applicants for Agency funding assistance provide notice to specified public officials when a multifamily rental housing project would be located in the jurisdiction of those public officials, and provides procedures for comment and objections.

- Exempts the Agency's bonding powers from Revised Code provisions governing state revenues and funds and the Uniform Depository Act.

- Declares that Agency bonds issued pursuant to the bill do not constitute a debt or the pledge of the faith and credit of the state or any political subdivision.

- Specifies that Agency bonds are payable solely from the revenues and security interests pledged for their payment, except for anticipation bonds and bonds refunded by refunding bonds.

- Permits the Agency to issue bonds for any term, at any interest rate, to use any method of calculating interest, and to include any condition or

provision that the Agency authorizes in the resolution authorizing the bonds.

- Permits bonds to be sold at public or private sale for an amount not less than the price the Agency establishes, and provides procedures for executing the bonds.

- Clarifies that no Agency member is liable personally on the bonds or is subject to personal liability by reason of their issuance.

- Authorizes state officials to take all actions necessary to ensure that interest is exempt from federal income taxation with respect to bonds that the Agency intends to be tax exempt.

- Permits the securing of bonds through the use of trust agreements.

- Creates the Housing Development Fund as a custodial fund and eliminates the Housing Guarantee Fund.

- Exempts specified information in the Agency's or Controlling Board's possession from the Public Records Law.

- Requires state agencies to cooperate with the Agency and provide information the Agency determines necessary or helpful.

- Permits the Agency to contract with other entities to perform functions the bill authorizes it to perform.

- Permits the Agency to enter into contracts with suppliers, and exempts the Agency from sections of the Revised Code that govern public works and state purchases.

- Makes modifications in the Low- and Moderate-Income Housing Trust Fund Law to reflect that the Agency is an independent entity, and transfers some of the Agency's functions relating to the Trust Fund to the Department of Development.

- Provides for the Agency's transition from the Department of Development on July 1, 2005, with the Agency taking over the functions that had been associated with it in the Department.

Uniform Public Securities Law and Miscellaneous Bond Proceeding Law

- Expands the definitions of an "interest rate hedge" in these laws to permit an arrangement to include a requirement for the issuer to issue bonds at a future date.

- Specifies that the Miscellaneous Bond Proceeding Law applies to bonds issued under the Uniform Public Securities Law.

- Permits the bond proceedings under the Miscellaneous Bond Proceeding Law to provide for the sale of bonds the proceeds of which are held in escrow and invested in certain direct obligations of the United States or obligations guaranteed as to payment by the United States.

Linked deposit programs

- Authorizes certain port authorities to establish linked deposit programs and to participate in the Housing Linked Deposit Program.

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CONTENT AND OPERATION

Ohio Housing Finance Agency Law and related Department of Development Law

Overview of changes

The bill removes the Ohio Housing Finance Agency from the Department of Development, making it an independent agency.[1] Under the bill, the Agency continues to be governed by an 11-member board as under current law and continues to have authority to develop and administer programs to assist in the provision of affordable housing to low- and moderate-income families, issue and sell bonds, and enter into contracts with other entities, including the federal Department of Housing and Urban Development (HUD) and state agencies.

The bill declares that it is the public purpose of the state to improve and promote the public health, safety, convenience, welfare, and prosperity of the people of the state by the production and preservation of housing in accordance with applicable state and federal laws (R.C. 175.02(B)). The bill further declares that its Ohio Housing Finance Agency provisions are necessary for the welfare of the state and the state's inhabitants, and that they are to be liberally construed to effect their purposes and the purposes of Sections 14 and 16 of Article VIII, Ohio Constitution (R.C. 175.12(A)). Those constitutional provisions relate to (1) the financing of certain privately owned housing by the state borrowing money and issuing bonds and other obligations and by associated loans to consumers in a specified manner and (2) the affording of publicly or privately owned housing assistance by the state via grants, loans, subsidies, guarantees, or other mechanisms, including the issuance of specified state obligations.

The Ohio Housing Finance Agency

(R.C. 175.02 and 175.03)

Establishment and mission. The bill establishes the Ohio Housing Finance Agency, a body corporate and politic, as an independent agency--removing the

[1] *For a brief description of the Agency as it operates under current law, see* **COMMENT** *1.*

Agency in doing so from the Department of Development. The Agency's mission includes assisting with the financing, refinancing, production, development, and preservation of safe, decent, and affordable housing for occupancy by low- and moderate-income households and providing rental assistance for such households. The Agency also is to promote community development, economic stability, and growth within Ohio. To accomplish its purposes and mission, the Agency is to work with eligible households, nonprofit organizations and for-profit housing development entities, public entities, and lending institutions. The Agency may monitor recipients' use of Agency funds to assure compliance with Agency programs. (R.C. 175.02(A).)

Composition. Under the bill, as under current law, the Agency consists of 11 members, with the membership generally representing the same entities or interests as under current law. The Governor, with the advice and consent of the Senate, is charged with appointing nine of the members. The other two members are the Director of Commerce and the Director of Development, or their respective designees. (R.C. 175.03(A)(1).)

Of the nine appointed members, the bill requires that one have experience in residential housing construction; one have experience in residential housing mortgage lending, loan servicing, or brokering at an institution insured by the Federal Deposit Insurance Corporation; one have experience in the licensed residential housing brokerage business; one have experience with the housing needs of senior citizens; one have a background in labor representation in the construction industry; one represent the interests of nonprofit multifamily housing development organizations; one represent the interests of for-profit multifamily housing development organizations; and two be public members (R.C. 175.03(A)(2)). The bill directs the Governor to receive recommendations from the Ohio Housing Council for appointees to represent the interests of nonprofit multifamily housing development organizations and for-profit multifamily housing development organizations (R.C. 175.03(A)(3)). The bill stipulates that no more than six of the appointed members may be of the same political party (R.C. 175.03(A)(4)).

Term of office. The bill establishes procedures for appointing Agency members and designates their initial term of office. After initial appointments, each term of office is for six years. A member appointed to fill a vacancy that occurs prior to the expiration of a term continues in office for the remainder of the term, and any appointed member continues in office subsequent to the expiration date of the member's term until a successor takes office or until 60 days have elapsed, whichever occurs first. The Governor may remove an appointed member for misfeasance, nonfeasance, or malfeasance in office. (R.C. 175.03(B).)

Ethics requirements of members. The bill requires Agency members to file financial disclosure statements when required to do so under the Ethics Law (R.C. Chapter 102.). And, except as otherwise provided by the bill, the members and employees of the Agency must comply with the ethics requirements for public officials set forth in the Ethics Law and in the Criminal Code's "having an unlawful interest in a public contract" (R.C. 2921.42) and "soliciting improper compensation" (R.C. 2921.43) provisions. (R.C. 175.03(C)(1).)

No conflict of interest. The bill states that a member of the Agency who is a director, officer, employee, or owner of a lending institution does not have a conflict of interest (in violation of the laws mentioned above) with respect to a loan from that member's lending institution to an applicant or a contract between the Agency and the lending institution for the purchase, administration, or servicing of loans if the member abstains from participation in any matter that affects the interests of the member's lending institution (R.C. 175.03(C)(2)). Additionally, the bill stipulates that the members of the Agency representing multifamily housing interests do not violate specified provisions of the laws mentioned above that pertain to unlawful interests in contracts if (1) a contract is entered into for a loan, grant, or participation in a program administered or funded by the Agency, (2) the contract is awarded pursuant to rules or guidelines the Agency adopts, and (3) the member does not participate in the discussion or vote on the contract if it secures a grant or loan that directly benefits the member, a family member, or a business associate (R.C. 175.03(C)(3)).

Compensation. Under the bill, each appointed Agency member receives compensation at the rate of $250 per Agency meeting attended in person, not to exceed a maximum of $4,000 per year. That compensation rate applies until six years after the bill's effective date, at which time the members may increase the compensation for members who are appointed or reappointed after that time. All members are entitled to reimbursement for expenses incurred in the discharge of their official duties in accordance with the provisions of current law that govern the reimbursement of expenses incurred by state officers and employees. (R.C. 175.03(C)(4).)

Administration of the Agency

(R.C. 175.04)

Officers. The bill directs the Governor to appoint a chairperson for the Agency from among its members. The Agency members must elect a member as vice chairperson and may appoint other necessary officers, who need not be members of the Agency. (R.C. 175.04(A).)

The bill establishes that six members of the Agency constitute a quorum, and that the affirmative vote of six members is necessary for any action the Agency takes. No vacancy in Agency membership impairs the right of a quorum to exercise all of the Agency's rights and perform all the Agency's duties. Agency meetings may be held at any place within the state, and meetings must comply with the Open Meetings Law. (R.C. 175.04(B); R.C. 121.22, not in the bill.)

Records, annual plan, and public hearing. The bill requires the Agency to maintain account records in accordance with generally accepted accounting principles and other required accounting standards. The Agency also must prepare an annual plan to address the state's housing needs and is charged with developing policies and guidelines for the administration of its programs. The Agency must conduct at least one public hearing each year to obtain input from interested parties regarding the administration of its programs. The Agency must conduct the hearing at a time and place that it determines and when a quorum of the Agency is present. (R.C. 175.04(C), (D), and (E)(1).)

Committees and subcommittees, and advisory board. The bill requires the Agency to appoint committees and subcommittees to handle matters the Agency deems appropriate. They must consist solely of members of the Agency. An annual plan committee must be created to develop the Agency's annual plan. (R.C. 175.04(E).)

The bill directs the annual plan committee to establish an advisory board (from among a list of interested individuals the Executive Director provides or on its own recommendation) to provide input and comment on the development of the annual plan. The advisory board provides that input at committee meetings prior to the annual public hearing, and advisory board comments must be discussed by the committee at the public hearing. The members of the advisory board may include persons who represent state agencies, local governments, public corporations, nonprofit organizations, community development corporations, housing advocacy organizations for low- and moderate-income households, realtors, syndicators, investors, lending institutions as recommended by a statewide banking organization, and other entities participating in the Agency's programs. (R.C. 175.04(E)(2).)

Each Agency program that allows for loans to be made to finance housing for owner occupancy that benefits other than low- and moderate-income households, or for loans to be made to individuals under bonds issued pursuant to Section 143(a) of the Internal Revenue Code, must be presented to the advisory

board and included in the annual plan as approved by the Agency before the program's implementation (R.C. 175.04(E)(2)).[2]

Annual financial report. The bill requires the Agency to prepare an annual financial report describing its activities during the reporting year. The Agency is to submit that report to the Governor, the Speaker of the House of Representatives, and the President of the Senate within three months after the end of the reporting year. The report must include the audited financial statements of the Agency prepared in accordance with generally accepted accounting principles and appropriate accounting standards. (R.C. 175.04(F).)

Annual report of programs. The bill directs the Agency to prepare an annual report of all of its programs, describing how they have met the state's housing needs. The Agency is to submit the report to the Governor, the Speaker of the House of Representatives, and the President of the Senate within three months after the end of the reporting year. (R.C. 175.04(G).)

Operation of the Agency--in general

(R.C. 175.05 and 175.051)

Required functions. The bill requires the Agency to do all of the following (R.C. 175.05(A)):

(1) Adopt bylaws;

(2) Employ and fix the compensation of an Executive Director, who may employ and fix the compensation of Agency employees in a specified manner;

(3) Establish an operating budget and administer funds appropriated for the Agency's use;

(4) Hold in trust all moneys, funds, properties, and assets that the Agency acquires or that are directly or indirectly within its control. Anything held in trust must be used as the bill permits and, except for the Ohio Housing Finance Agency Personal Services Fund (see below), at no time can be considered public moneys, public funds, public properties, or public assets subject to the State Revenues and

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[2] *Section 143(a) of the Internal Revenue Code deals with "qualified mortgage bonds" that are part of a "qualified mortgage issue"--an issue by a state or political subdivision of bonds, the proceeds which generally are to be used to finance owner-occupied residences, and which must meet certain requirements and cannot meet certain private business tests. The Agency issues such bonds pursuant to R.C. 175.08(B) (see "**Bonding powers**").*

Funds Law (R.C. Chapter 131.) or the Uniform Depository Act (R.C. Chapter 135.).

(5) Maintain a principal office and other offices within the state.

Permitted functions. Under the bill, the Agency may do any of the following (R.C. 175.05(B)):

- Determine income limits for low- and moderate-income individuals and families and establish periodic review of those limits, which may vary from area to area within the state. The bill provides factors to consider in establishing income limits.

- Provide technical information, advice, and assistance for the planning, construction, rehabilitation, refinancing, and operation of housing;

- Provide information, assistance, or instruction related to Agency programs;

- Procure or require the procurement of insurance and pay the premium against loss in connection with the Agency's operations;

- Contract with, retain, or designate financial consultants, accountants, and other consultants and independent contractors, other than attorneys;[3]

- Charge, alter, and collect interest and other charges for program services, including the allocation of loan funds, the purchase of mortgage loans, and the provision of services;

- Conduct or authorize studies and analyses of housing needs and conditions to the extent that those activities are not carried out by other agencies in a manner satisfactory for the Agency's needs;

- Acquire by gift, purchase, foreclosure, or other means, and hold, assign, pledge, lease, transfer, or otherwise dispose of real and personal property or any interest in the property. The bill requires that any instrument by which real property is acquired identify that the Agency has the use and benefit of the property.

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[3] *R.C. 175.05(C) provides that the Attorney General is to serve as the legal representative for the Ohio Housing Finance Agency and may appoint special counsel for that purpose in accordance with R.C. 109.07.*

- Borrow money, receive gifts, grants, loans, or other assistance from any nongovernmental or government source, including the Housing Development Fund and the Housing Trust Fund, and enter into contracts in connection with those sources of assistance;

- Sue and be sued in its own name with respect to its contracts, obligations, or covenants, or the enforcement of the bill's provisions. The bill requires that actions against the Agency be brought in a court of competent jurisdiction in Franklin County.

- Enter into any contract, commitment, or agreement, and execute any instrument necessary or incidental to the performance of its duties and the execution of its powers;

- Adopt an official seal;

- Contract with any private or government entity for the Agency to administer programs for which it receives sufficient revenues for its services or supports by means of uncommitted Agency resources that pay its operating costs, and administer state or federal programs for which the Governor designates the Agency to act as administrator and for which the Agency may charge administrative fees;

- Notwithstanding any other provision of the Revised Code, establish, maintain, administer, and close funds and accounts as convenient or appropriate to the Agency's operations;

- Establish an investment policy to permit the investment of available Agency funds in securities and obligations;

- Establish rules and procedures the Agency determines are appropriate to appeal its actions and decisions;

- Serve housing needs in instances that the Agency determines necessary as a public purpose;

- Provide coverage for its employees under the Public Employees Retirement System Law (R.C. Chapter 145.), the Workers' Compensation Law (R.C. Chapter 4123.), and the Unemployment Compensation Law (R.C. Chapter 4141.);

- Adopt rules pursuant to the Administrative Procedure Act (notice and hearing) (R.C. Chapter 119.);

- Do anything necessary or appropriate to exercise the powers the bill grants and to carry out the purposes of the bill and of the previously discussed Sections 14 and 16 of Article VIII, Ohio Constitution.

Housing Finance Agency Personal Services Fund. The bill creates in the state treasury the Housing Finance Agency Personal Services Fund. The Fund is to consist of moneys within the Agency's control that the Agency, or the Treasurer of State on behalf of the Agency, periodically deposits to the credit of the Fund in order to pay the compensation of the employees of the Agency. (R.C. 175.051.)

Financial powers of the Agency--in general

(R.C. 175.06)

Required actions. The bill requires the Agency to do both of the following (R.C. 175.06(A)):

(1) Upon the Governor's designation, serve as the housing credit agency for the state and perform all responsibilities of a housing credit agency pursuant to Section 42 of the Internal Revenue Code;

(2) Require that housing that benefits from the Agency's assistance be made available without discrimination in accordance with the requirements of the Ohio Civil Rights Commission Law (R.C. Chapter 4112.) and all applicable provisions of federal law.

Permitted actions. The bill permits the Agency to do any of the following (R.C. 175.06(B)):

- Issue bonds, provide security for assets, make deposits, purchase or make loans, provide economic incentives for the development of housing, and provide emergency housing financial assistance;

- Serve as a public housing agency and contract with HUD to administer that department's rent subsidy program, housing subsidy program, and monitoring programs for low- and moderate-income individuals. The bill requires the Agency to ensure that any contract provide for reasonable compensation to the Agency for its services.

- Upon receipt of moneys from the Housing Trust Fund, develop and administer programs under which the Agency extends financial assistance;

- Make financial assistance available;

- Guarantee and commit to guarantee the repayment of financing that a lending institution extends for housing, and guarantee that debt by using any of the Agency's reserve funds that were not raised by taxation and that are not otherwise obligated for debt service, including the Housing Development Fund;

- Make, commit to make, and participate in making financial assistance, including federally insured mortgage loans, available to finance the construction or rehabilitation of housing or to refinance existing housing;

- Invest in, purchase, and take from lenders the assignment of notes or other evidence of debt including federally insured mortgage loans, or participate with lenders in notes and loans for homeownership, development, or refinancing of housing;

- Sell at public or private sale any mortgage or mortgage backed securities the Agency holds;

- Issue bonds to carry out the Agency's purposes;

- Extend or otherwise make available housing assistance on terms the Agency determines.

Bonds and financial assistance for emergencies and disaster. Under the bill, the Agency may issue bonds and extend financial assistance from any fund it administers for the prompt replacement, repair, or refinancing of damaged housing in emergency and disaster situations. The Agency must establish guidelines for extending financial assistance for emergency housing, including eligibility criteria for assistance and the terms and conditions under which the Agency may extend assistance. (R.C. 175.06(C) and (D).) The Agency may extend emergency and disaster assistance only if both of the following apply (R.C. 175.06(C)):

(1) The Governor declares that a state of emergency exists with respect to a county, region, or political subdivision, or declares that a county, region, or political subdivision has experienced a disaster.

(2) The Agency determines that the emergency or disaster has substantially damaged or destroyed the housing in the area of the emergency or disaster.

Notice of multifamily rental housing

(R.C. 175.07)

The bill requires that the Agency not approve funding for any multifamily rental housing that is to be constructed with Agency assistance or pursuant to any

program the Agency operates or administers, unless the applicant requesting funding first provides notice of the proposed project to specified recipients and informs them of procedures for providing comments on the project's community impact or making objections to the project (R.C. 175.07(A)(1) and (2)).

Under the bill, an applicant is required to provide written notice by certified mail to all of the following persons if the applicant is requesting funds for *a project of more than ten units* (R.C. 175.07(A)(3)):

- The chief executive officer and clerk of the legislative body of any municipal corporation in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries;

- The clerk of any township in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries;

- The clerk of the board of county commissioners of any county in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries.

In contrast, an applicant requesting funds for a project with ten or fewer units must provide the written notice to the chief elected official of the jurisdiction in which the project is proposed to be constructed or, if there is more than one such individual, to the jurisdiction's legislative body (R.C. 175.07(A)(4)).

The bill authorizes a majority of the voting members of a "recipient" legislative body to send a written objection to a project to the Agency's Executive Director in a certain manner and prescribed time. It requires the Agency to provide a written response to any objections it receives from the legislative bodies. In addition, the Agency must hold a public hearing to solicit and receive comments of residents located in the municipal corporations, townships, and counties in which multifamily rental housing is proposed to be constructed with the assistance of the multifamily bond program. The bill provides notice procedures for the public hearing and specifies that it be held in the county in which the proposed project will be located. (R.C. 175.07(A)(5), (6), and (7).)

Bonding powers

(R.C. 175.08, 175.09, and 175.13)

In general. The bill permits the Agency to use the proceeds of bonds to carry out its lawful purposes and declares that the Agency is the sole entity in the state authorized to issue bonds pursuant to Section 143(a) of the Internal Revenue Code. When the Agency issues bonds to fund its homeownership program, the

bill requires that it take all diligent measures to maximize the distribution of mortgage loans statewide, especially in underserved areas of the state, including making attempts to involve qualified lending institutions throughout Ohio. (R.C. 175.08(A) and (B).)

Bonds issued pursuant to the bill's Agency provisions need not comply with any other provision of the Revised Code that applies to the issuance of bonds or notes. Additionally, the deposit, application, safeguarding, and investment of Agency funds received or held under the Agency's bond proceedings are not subject to the State Revenues and Funds Law (R.C. Chapter 131.) or to the Uniform Depository Act (R.C. Chapter 135.). Those funds also are not public moneys or public funds. (R.C. 175.08(C).)

Bonds are not a debt or a pledge of faith and credit of the state. The bill stipulates that bonds issued pursuant to its Agency provisions are not a debt or the pledge of the faith and credit of the state or any political subdivision, and that their holders or owners have no right to require the General Assembly or the taxing authority of a political subdivision to levy taxes for the payment of their principal or interest. Moneys raised by taxation may not be obligated or pledged for the payment of their principal or interest, as those bonds are payable solely from the revenues and security interests pledged for their payment (with the exception of anticipation bonds and bonds refunded by refunding bonds). The bill specifies that those *refunding bonds* are payable solely from revenues and security interests pledged for their payment. (R.C. 175.08(D)(1) and (2).)

Any pledge on bonds is valid and binding from the time the pledge is made, and the revenues and security interests pledged and received are immediately subject to the lien of the pledge without any physical delivery or further act. The lien of the pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the Agency, irrespective of whether the parties have notice of the lien of the pledge (R.C. 175.08(E)(1)).

The bill clarifies that there is no requirement that any resolution or trust agreement by which a pledge is created be filed or recorded except in the records of the Agency. A required statement on the face of an issued bond must specify that the bond, as to both principal and interest, is not a debt of the state or any political subdivision of the state, but is payable solely from the revenues and security interests pledged for its payment. (R.C. 175.08(E)(2).)

Term and conditions of bonds. The bill permits the Agency to issue bonds for any term, at any interest rate, to use any method of calculating interest, including a variable interest rate, and to include any provision or condition that the Agency authorizes pursuant to its resolutions. The Agency may authorize any

denomination, form, registration privilege, medium of payment, place of payment, and term of redemption for its bonds. (R.C. 175.08(F).)

The bill permits the Agency to sell bonds at public or private sale, for an amount not less than the price that the Agency establishes. It directs the Agency's chairperson or vice chairperson and other designated officers to execute the bonds manually or by facsimile signature and authorizes the Agency to affix or print its seal or a facsimile on the bonds. Any coupons attached to the bonds are to bear the signature or facsimile signature of the chairperson or vice chairperson plus any other officer the Agency designates. If an officer whose signature appears on bonds or coupons ceases to be an officer before the delivery of the bonds, that signature or facsimile is sufficient for all purposes as if the officer had remained in office. If the Agency changes its seal after a facsimile has been imprinted on bonds, that prior facsimile seal is sufficient for all purposes. The Agency may execute bonds in book entry form in any manner appropriate to that form. (R.C. 175.08(G).)

Provisions of bonds. Subject to existing agreements with bondholders at the time of the resolution, the bill permits any resolution under its Agency provisions that authorizes bonds or an issue of bonds to contain provisions that do the following (R.C. 175.08(H)(1) and (2)):

- Pledge any part of the Agency's revenues and security interests to secure the payment of the bonds or issue of bonds;

- Specify the use, investment, and disposition of the Agency's revenues;

- Agree to establish, alter, and collect fees and other charges so that pledged revenues are sufficient to pay the costs of operation and pay the principal and interest on bonds secured by the pledge;

- Provide reserves that the resolution or trust agreement requires;

- Set aside reserve funds or sinking funds and regulate and dispose of those funds;

- Credit the proceeds of the sale of bonds to and among the funds referred to or provided for in the resolution or trust agreement;

- Establish limits on the purposes to which the proceeds of the sale of bonds may be applied and pledge those proceeds to secure the payment of the bonds or any issue of bonds;

- Agree to do all things necessary for the authorization, issuance, and sale of bonds in amounts necessary for the timely retirement of notes issued in anticipation of the issuance of bonds;

- Establish limits on the issuance of additional bonds;

- Establish the terms upon which additional bonds may be issued and secured;

- Provide for the refunding of outstanding bonds;

- Establish procedures for amending or abrogating the terms of any contract with bondholders;

- Establish limits on the amount of moneys the Agency may expend for operating, administrative, or other expenses;

- Secure bonds by a trust agreement in accordance with the bill's provisions;

- Establish rules and procedures to address matters that affect the security or protection of the bonds.

Liability on bonds. No Agency member or any person executing Agency bonds is liable personally on the bonds or is subject to any personal liability by reason of their issuance. Bonds issued pursuant to the bill's Agency provisions are deemed to be negotiable instruments, subject only to their provisions for registration, and have the qualities and incidents of negotiable instruments, notwithstanding whether they are of the form or character otherwise to be negotiable instruments. (R.C. 175.08(I) and (J).)

Bonds secured by trust agreement. The bill continues provisions of current law that permit the securing of Agency bonds by means of trust agreements. The continuing law specifies conditions under which bonds may be secured by trust agreements, the permissible contents of a trust agreement, rights of bondholders, and the permissible use of moneys in the Agency's trust estates. (R.C. 175.09(A), (B), and (C).)

Bondholder agreements will be fulfilled. The bill specifies that any agreement the Agency enters into with bondholders is a *contract* the Agency must enforce, and no action of the General Assembly or any state agency can limit or alter that agreement or the Agency's authority to fulfill its terms. State agencies also cannot impair bondholders' rights or remedies until the Agency has fully met and discharged its bond obligations, together with interest, interest on any unpaid

installments of interest, and costs and expenses in connection with any bondholder action or proceeding. The Agency may include in any bond agreement a statement setting forth its authority to enforce agreements. (R.C. 175.13(A).)

Under the bill, the bonds, at all times, are bonds of the state, subject to the bill's Agency provisions. With respect to bonds that the Agency intends to be exempt from federal taxation, the Agency and state officials are authorized to take necessary actions so that the interest on those bonds is, and continues to be, exempt from federal income taxation. Under the bill, any error or failure in efforts to assure tax exemption does not affect the validity of the bonds. (R.C. 175.13(B).)

Housing Development Fund

(R.C. 169.05 and 175.11)

The bill creates the Housing Development Fund as a custodial fund: it is to be in the custody of the Treasurer of State but not part of the state treasury. All grants, gifts, loan repayments, and contributions of money made from any source to the Agency for deposit into the Fund, and amounts loaned to the Agency from unclaimed funds of the state, may be deposited into the Fund or placed with financial organizations.[4] The Agency is required to administer the Fund and to use the moneys in the Fund or placed with financial organizations solely for authorized purposes. Those moneys at no time are to be considered public money or to be subject to the State Revenues and Funds Law (R.C. Chapter 131.) or the Uniform Depository Act (R.C. Chapter 135.).

In relation to the Housing Development Fund, the Agency may request unclaimed funds of the state as needed to fund loans, loan guarantees, and loan subsidies. But, the Agency may request funds for a loan guarantee only to satisfy a mortgage guarantee that is in default.

Housing Guarantee Fund

(R.C. 169.05 and 175.10 (repealed))

The bill abolishes the Housing Guarantee Fund. The Fund consists of all grants, gifts, and contributions of moneys or rights to moneys made to the Agency for the Fund, all guarantee fees charged and collected, all moneys deposited or credited to the Fund under the Unclaimed Funds Law, and all other moneys and

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[4] *"Financial organization" means any bank, trust company, savings bank, safe deposit company, mutual savings bank without mutual stock, savings and loan association, credit union, or investment company (R.C. 175.11(C)).*

property designated by the Agency or by law for the purposes of the Fund. (R.C. 175.10(C).)

The Low- and Moderate-Income Housing Trust Fund

(R.C. 122.63, 173.08, 174.01 to 174.07, 175.21 to 175.26, 176.05, 176.07, and 319.63)

Major changes. The bill makes modifications in the current Low- and Moderate-Income Housing Trust Fund Law (R.C. 175.21 to 175.26) to reflect that the Fund is continuing in the Department of Development while the Agency is no longer in the Department. The bill creates a new chapter, Chapter 174., devoted to the Trust Fund and shifts some functions from the Agency to the Department, including charging the Director of Development with determining appropriate income limits for identifying or classifying low- and moderate-income individuals and families for the purposes of the Trust Fund. The bill specifies factors to be considered in establishing those limits, including the amount of income available for housing; family size; the cost and condition of available housing; ability to pay the amounts the private market charges for decent, safe, and sanitary housing without federal subsidy or state assistance; and income eligibility standards of federal programs. Income limits may vary from area to area within Ohio. (R.C. 122.63(D), 173.08(B), 174.01 to 174.07, 176.05, 176.07, and 319.63.)

Other changes. Current law prohibits both the Department of Development and the Agency from making a grant, loan, loan guarantee, or loan subsidy from the Trust Fund without first obtaining Controlling Board approval (R.C. 175.26). The bill instead requires that the Department, on its own behalf and on behalf of the Agency *and the Department of Aging*, obtain Controlling Board approval prior to making any grant, loan, loan guarantee, or loan subsidy *greater than $50,000* from or allocated from the Trust Fund (R.C. 174.07).

Current law provides that not more than 5% of any current year appropriation authority for the Trust Fund may be used for grants and loans to community development corporations and the Ohio Community Development Finance Fund, a private nonprofit corporation (R.C. 175.21(A)(2)(a)). The bill instead provides that not more than 5% of the current year appropriation authority for the Trust Fund may be allocated between grants to community development corporations for the Community Development Corporation Grant Program and grants and loans to the Ohio Community Development Finance Fund (R.C 174.02(A)(2)(a)).

Current law also requires that in any year in which the amount of the Trust Fund exceeds $100,000, not less than $100,000 must be used to provide training, technical assistance, and capacity building assistance to nonprofit development

organizations in areas of the state the Director of Development designates as underserved (R.C. 175.21(A)(2)(b)). The bill instead requires that in any year in which the amount of the Trust Fund exceeds $100,000 *and at least that much is allocated for specified uses*, not less than $100,000 must be used to provide training, technical assistance, and capacity building assistance to nonprofit development organizations (R.C. 174.02(A)(2)(b)). Under the bill, the Director is not limited to nonprofit development organizations in underserved areas of the state in the provision of this assistance.

Finally, the bill removes a provision of current law that requires, for moneys awarded in any fiscal year, that priority be given to proposals submitted by nonprofit development organizations for areas of the state the Director designates as underserved (R.C. 174.02(A)(2)(c)).

Statements and data not public documents

(R.C. 149.43(A)(1)(y) and 175.12(B))

The bill stipulates that financial statements and other data submitted to the Agency or the Controlling Board by any person in connection with applying for, receiving, or accounting for financial assistance the Agency provides are not public records open to public inspection or copying. Information that specifies the identity of individuals benefiting directly or indirectly from financial assistance the Agency provides also is not open to public inspection or copying under the Public Records Law.

Cooperation of other entities and agreements

(R.C. 175.12)

The bill requires that state agencies cooperate fully with the Agency and provide information that the Agency determines is necessary or helpful for its operation. The Agency may arrange with, and enter into contracts with, other entities to perform functions that the bill authorizes the Agency to perform. The Agency must compensate other entities for performing those functions. (R.C. 175.12(C).)

The bill permits any state agency that provides supplies, equipment, or services directly related to the mission of the Agency to enter into agreements with the Agency to furnish those supplies, equipment, or services pursuant to terms the parties agree upon for remuneration to the state agency (R.C. 175.12(D)).

Agency exempt from certain requirements

(R.C. 175.12(E))

The Agency is exempt from the requirements set forth in the following provisions of the Revised Code: Chapter 123., which governs public works contracts, Chapter 125., which governs the purchase of supplies and services, R.C. 127.16, which governs Controlling Board approval of certain state purchases, and R.C. 5147.07, which governs the purchase of supplies manufactured by convicts.

Provisions for transition

(Sections 3 and 5)

The Agency and the Department of Development. The transition of the Agency from the Department of Development to an independent agency is to take place on July 1, 2005. The bill transfers to the Agency all functions, powers, duties, and obligations of the Department, and all of the Department's records, files, equipment, and contractual obligations, that pertain to the Agency. The bill further requires the Agency to conduct and complete any business or matter that pertains to the transferred functions, powers, duties, and obligations in the same manner, under the same terms and conditions, and with the same effect as if conducted by the Department.

The bill stipulates that all criteria, acts, determinations, certifications, and decisions of the Department pertaining to the functions transferred and assigned to the Agency continue in force as criteria, acts, determinations, certifications, and decisions of the Agency, until it modifies or terminates them.

Wherever the bill transfers functions, powers, duties, and obligations of the Department that are referred to in any law, contract, or other document, the reference is deemed to refer to the Agency.

Employee transition. The bill provides for employee transition by specifying that, beginning the first pay period after July 1, 2005, in which personal services expenses are charged against appropriations, all employees of the Ohio Housing Finance Agency of the Department of Development are transferred to the independent Agency. Under the bill, all employees retain civil service classifications and status, together with all rights, benefits, and privileges provided by collective bargaining agreements. All vacation time and other benefits earned by Agency employees while in the Department are deemed to have been earned by them as employees of the independent Agency. Any employee who, at the time of transfer, has a temporary or provisional appointment is transferred subject to the

same right of removal, examination, or termination as though the transfer had not been made.

Employees not governed by collective bargaining agreements retain their respective status and are governed by Chapter 124. of the Revised Code, which governs state personnel.

Actions or proceedings. No action or proceeding pending on July 1, 2005, that was brought by the Department and that pertains to functions, powers, duties, or obligations that the bill transfers is affected by the transfer. Such an action may be prosecuted or defended in the name of the Agency. In any such action or proceeding, the Agency, upon application to the court, will be substituted as a party.

Controlling Board transfer of funds. The bill directs the Auditor of State to provide the Agency's Executive Director a comprehensive audit of all of the Department's funds, assets, and liabilities that relate to the Agency's programs. The Auditor of State is to deliver the audit no later than 120 days after the Agency is transferred. Upon receipt of the audit, the Agency's Executive Director must submit a copy to the Office of Budget and Management and request the Controlling Board to transfer to the Agency any funds, assets, and liabilities that the bill does not otherwise transfer to the Agency.

Definitions

(R.C. 174.01 and 175.01)

The bill defines the following terms applicable to the Agency and/or the Low- and Moderate-Income Housing Trust Fund Law that have not been previously mentioned in this analysis:

"Bonds" means the bonds, notes, debentures, refunding bonds, refunding notes, and other obligations.

"Financial assistance" means an equity position in a project, grants, loans, loan guarantees, and loan subsidies.

"Grant" means funding provided by the Department of Development or the Agency for which repayment is not required.

"Homeownership program" means any program for which the Agency provides financing, directly or indirectly, for the purchase of housing for owner-occupancy.

"Housing" means housing for owner-occupancy and multifamily rental housing.

"Housing for owner-occupancy" means housing that is intended for occupancy by an owner as a principal residence; it may be any type of structure and may be owned in any type of ownership.

"Improvement" means any alteration, remodeling, addition, or repair that substantially protects or improves the basic habitability or energy efficiency of housing.

"Lending institution" means any financial institution qualified to conduct business in Ohio, a subsidiary corporation that is wholly owned by a financial institution qualified to conduct business in Ohio, and a mortgage lender whose regular business is originating, servicing, or brokering real estate loans and who is qualified to do business in Ohio.

"Loan" means any extension of credit or other form of financing or indebtedness directly or indirectly to a borrower with the expectation that it will be repaid in accordance with the terms of the underlying loan agreement or other pertinent document. "Loan" includes financing extended to lending institutions and indebtedness purchased from lending institutions.

"Loan guarantee" means any agreement in favor of a lending institution, bondholder, or other lender whereby the credit and resources of the Agency or of the Trust Fund are pledged to secure the payment or collection of financing extended to a borrower to acquire, construct, improve, rehabilitate, or preserve housing, or to refinance any financing previously extended for those purposes.

"Loan subsidy" means any deposit of funds into a lending institution with the authorization or direction that the income or revenues that the deposit earns, or could have earned at competitive rates, be applied directly or indirectly to the benefit of housing assistance or financial assistance.

"Low- and moderate-income persons" means individuals and families who qualify as low- and moderate-income persons under guidelines the Department of Development or the Agency establishes.

"Multifamily rental housing" means multiple unit housing intended for rental occupancy.

"Nonprofit organization" means a nonprofit organization in good standing and qualified to conduct business in Ohio, including a corporation whose members are members of a metropolitan housing authority.

"Owner" means any person to whom one of the following applies jointly or severally:

(1) The person has legal or equitable title to housing together with the right to control or possess that housing. A purchaser of housing sold under a land installment contract is an owner if that contract vests possession of the housing and the duties of maintenance in the purchaser.

(2) The person has care or control of housing as executor, administrator, assignee, trustee, or guardian of the estate of the owner.

"Security interest" means any lien, encumbrance, pledge, assignment, mortgage, or other form of collateral the Agency holds to secure financial assistance the Agency extends or any loan the Agency acquires.

Changes to the Uniform Public Securities Law and the Miscellaneous Bond Proceeding Law

Interest rate hedge

(R.C. 133.01 and R.C. 9.98)

The Uniform Public Securities (UPS) Law (R.C. Chapter 133.) and the Miscellaneous Bond Proceeding (MBP) Law (R.C. 9.98 to 9.983) define numerous terms pertaining to bonds or other securities. One defined term *in common* is an "interest rate hedge." Currently, that term means any arrangement by which either (1) the different interest costs or receipts at fixed interest rates and at floating interest rates, or at different maturities, are exchanged on stated amounts of bonds or investments, or on notional amounts, or (2) a party will pay interest costs in excess of an agreed limitation. (R.C. 9.98(L) and 133.01(RR).)

Under the bill, in addition to being an arrangement with either characteristic (1) or (2) above, an "interest rate hedge" also may be an arrangement that includes a requirement for the issuer to issue bonds at a future date. The requirement is deemed to be part of the bond proceedings at the time the interest rate hedge is entered into. And, issuance of bonds at a future date does not require further legislative action, but instead is a ministerial act. (R.C. 9.98(L) and 133.01(RR).) (See **COMMENT** 3 and 4.)

Applicability of the Miscellaneous Bond Proceeding Law to bonds issued under the Uniform Public Securities Law

(R.C. 9.98, 133.08, 133.081, and 133.10)

Among other types of bonds, the MBP Law applies to bonds issued under the Hospital Agencies Law, the Ohio Building Authority Law, the Financing of Certain Capital Facilities Law, the Ohio Housing Finance Agency Law, and the New Community Organization Law (R.C. Chapters 140., 152., 154., 175., and 349.). (See **COMMENT** 4 for more detail.) The bill additionally specifies that the MBP Law applies to bonds issued under the UPS Law (R.C. 9.981(B)). In making this general change, the bill removes provisions from the UPS Law that made only *certain sections of that law* subject to the MBP Law (R.C. 133.08(H) (certain county-issued revenue securities), 133.081(F) (certain county-issued sales tax supported bonds), and 133.10(I) (certain securities issued by a school district's taxing authority).

Permissible bond proceedings provisions under the Miscellaneous Bond Proceeding Law

(R.C. 9.982)

Bond proceedings under the MBP Law may provide for various structures, arrangements, and other matters (R.C. 9.982(A)) (see **COMMENT** 4 for detail). The bill further provides that the bond proceedings may provide for the sale of bonds the proceeds of which are held in escrow and invested in direct obligations of the United States or obligations guaranteed as to payment by the United States. The federal obligations must mature or be subject to redemption by and at the option of their holders not later than the dates when the "amounts held in escrow" will be sufficient to pay the principal of, and interest on, the bonds as they become due.[5] In the bill, the General Assembly determines that the bonds "create a special obligation that is not bonded indebtedness subject to" the Ohio Constitution's bonded indebtedness limitation. (See **COMMENT** 5.) All of the following apply to those bonds (R.C. 9.982(A)(7)):

- A certificate of a fiscal officer as to the bonds' maximum maturity is not required.

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[5] *The phrase "amounts held in escrow" is defined by the bill to include bond proceeds together with interest or other investment income accrued on bond proceeds through investments in obligations of the United States or obligations guaranteed as to payment by the United States. These amounts may be used at a specified date to retire either the bonds issued under the bill's provisions being discussed in this part of the analysis or other obligations of the issuer. (R.C. 9.982(A)(7).)*

- The bonds' maximum maturity is 40 years after their issuance.

- The bonds are *not* subject to the limitations of the UPS Law pertaining to the calculation of a subdivision's, municipal corporation's, county's, or township's net indebtedness (R.C. 133.04, 133.05, 133.07, or 133.09).

Linked deposit programs

(R.C. 135.80, 135.81, and 4582.54)

The Uniform Depository Act (R.C. Chapter 135.) currently authorizes a municipal corporation or county to establish a linked deposit program under which it places certificates of deposit at up to 3% below market rates with an eligible lending institution. The institution is required to lend the value of the deposit to eligible borrowers at up to 3% below the present borrowing rate applicable to each borrower. The municipal corporation or county establishes eligibility requirements for borrowers who may receive reduced rate loans under the program and application procedures for borrowers and institutions wishing to participate in the program.

Pursuant to this authority, a municipal corporation or county is currently permitted to establish a housing linked deposit program to address specific housing issues relative to the geographic boundaries of that municipal corporation or county. The goals of this program include home improvement, neighborhood revitalization, affordable housing, and home ownership for persons unable to secure conventional financing. Once the housing linked deposit program is established, the municipal corporation or county may apply to the Treasurer of State for the formation of a partnership with the state for the purpose of providing additional funding for the program through linked deposits of state money.

Under the bill, port authorities are also authorized to establish linked deposit programs, including a housing linked deposit program as described above. The bill applies to port authorities that are created under R.C. section 4582.22 (that is, port authorities (1) created after July 9, 1982, or (2) in existence on July 9, 1982, if the political subdivision or subdivisions that created the port authority adopt a resolution or ordinance permitting the port authority to operate under the newer port authority law (R.C. 4582.21 to 4582.59)).

Lastly, the bill removes language that applies to the Depressed Economic Area Linked Deposit Program, which has been repealed.

Effective date

The provisions of the bill are to take effect July 1, 2005 (Section 5).

COMMENT

1. The Ohio Housing Finance Agency (OHFA) was created in 1983 to help make housing affordable for low- and moderate-income persons and families. The Agency has instituted a variety of programs pursuant to its powers in Chapter 175. of the Revised Code to provide assistance in home ownership and rental housing development. Generally, with the exception of moneys received from the Low- and Moderate-Income Housing Trust Fund, the funding for its programs is not from the General Revenue Fund. Instead, the Agency is a self-supporting, public agency, deriving its revenues through a variety of fees and interest generated by each of the programs it administers. The Agency also receives funds from HUD contract fees and the receipt of housing assistance payments.

The Agency's ownership programs include the First-Time Homebuyer Program, for which the Agency raises mortgage loan funds by issuing and selling tax-exempt mortgage revenue bonds, a down payment assistance program, and a program of tax credits for first-time homebuyers. In the area of rental housing development, the Agency administers the Low Income Housing Tax Credit Program for the state, under which the construction of new or rehabilitated rental housing is assisted through federal income tax credits awarded on a competitive basis. The Agency uses transfers from state unclaimed funds and the proceeds of mortgage revenue bonds for its Affordable Housing Loan Program, under which it makes loans to developers of multifamily housing, and administers the federal Section 8 Rental Assistance Program that provides rent subsidies for owners of affordable rental housing.

While located in the Department of Development and under the Director of Development, the Agency is self-directed by an 11-member board. One member represents the Department of Development and another represents the Department of Commerce. The Governor appoints the remaining nine members for six-year terms. The appointed members represent a variety of housing and public sector entities or interests.

2. In addition to amending and enacting numerous statutes to create the independent Agency, as explained in the body of this analysis, the bill outright repeals 14 sections of the Revised Code that define terms related to the current Agency, provide for its operation within the Department of Development, specify its general powers and duties, etc. (R.C. 175.01, 175.02, 175.03, 175.04, 174.041, 175.05, 175.06, 175.07, 175.10, 175.11, 175.12, 175.13, 175.14, and 175.15). Several of the provisions in the bill's new Chapter 175. are *similar to provisions of current law* contained in those outright repealed sections.

3. Under the UPS Law, the issuer of securities (see below) is any "public issuer" or nonprofit corporation authorized to issue securities for or on behalf of any public issuer (R.C. 133.01(T)). A "public issuer" is any of the following that is authorized by law to issue securities or enter into public obligations (R.C. 133.01(FF)):

- The state, including any of its agencies, commissions, officers, institutions, boards, authorities, or other instrumentalities;

- A taxing authority, subdivision, district, or other local public or governmental entity, any combination or consortium of them, or any of their public divisions, districts, commissions, authorities, departments, boards, officers, or institutions;

- Any other body corporate and politic, or other public entity.

The "public obligations" of a public issuer are (a) securities and (b) obligations to make payments under installment sale, lease, lease purchase, or similar agreements, which bear interest or interest equivalent (R.C. 133.01(GG)). The "securities" involved generally are defined as bonds, notes, certificates of indebtedness, commercial paper, and certain other written instruments issued by an issuer (R.C. 133.01(KK)).

4. The MBP Law defines an "issuer" of bonds generally as the state or a political subdivision, authority, commission, agency, officer, or other entity having authority to issue specified bonds. They are bonds (a) the payment of the debt service of which is to be provided for directly or indirectly by payments contracted to be made in bond proceedings by the "absolute obligor" (see below), *being persons other than the issuer*, and (b) that are authorized to be issued under specified development financing provisions of the Department of Development Law, the Industrial Development Bonds Law, the Agricultural Financing Law, the Ohio Higher Educational Facility Commission Law, the Air Quality Development Authority Law, certain provisions of the Port Authority Law, the Ohio Water Development Authority Law, or the Solid Waste and Energy Resource Development Projects Law. They also are bonds issued under specified laws (see the body of the analysis) or made subject to the MBP Law by express reference in another law. "Bonds," for purposes of the MBP Law, generally are defined as bonds, notes, or other obligations evidencing the borrowing of money, whether or not interest bearing, or in coupon, registered, or book entry form. An "absolute obligor" generally means a person *other than the issuer* that is ultimately responsible under a loan agreement, lease, sale or installment sale agreement, or other contract with the issuer to make payments necessary to provide adequate moneys to meet the debt service on the bonds. (R.C. 9.98(A), (D), (E), (H), and (M).)

The MBP Law provides that bond proceedings for the bonds mentioned in (a) and (b) above may provide for floating rate interest structures, put arrangements, special interest payment dates related to those structures or arrangements, specified types of conversions of terms or terminations, specified issuance of bonds as commercial paper, and bond sales at discount. The bond proceedings or other documents or agreements pertaining to the bonds may provide for *interest rate hedges*, credit facilities, and agreements with indexing agents, remarketing agents, or administrative agents. The MBP Law defines an "administrative agent" as a bank, trust company, or other person that has responsibility for authenticating, delivering, or redeeming commercial paper on behalf of an issuer. (R.C. 9.98(B) and 9.982.)

5. Section 11 of Article XII of the Ohio Constitution reads as follows:

> No bonded indebtedness of the state, or any political subdivision thereof, shall be incurred or renewed unless, in the legislation under which such indebtedness is incurred or renewed, provision is made for levying and collecting annually by taxation an amount sufficient to pay the interest on said bonds, and to provide a sinking fund for their final redemption at maturity.

HISTORY

ACTION	DATE	JOURNAL ENTRY	
Introduced	03-10-04	p.	1672
Reported, H. State Gov't	05-05-04	p.	1833
Passed House (97-0)	05-12-04	pp.	1905-1907
Reported, S. Finance & Financial Institutions	---		---

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