



Ohio Legislative Service Commission

Bill Analysis

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H.B. 482

128th General Assembly
(As Passed by the House)

Reps. Garland, Bacon, Carney, Celeste, Grossman, Harris, Heard, Stewart, Weddington, J. Adams, Beck, Bubb, Chandler, Combs, DeBose, Domenick, Gerberry, Hackett, Letson, Luckie, Mallory

BILL SUMMARY

- Changes the entity owning, operating, and maintaining the park or recreational facility that was the site of the United States Christopher Columbus Quincentenary Jubilee horticulture exhibition (Franklin Park Conservatory), from a joint recreation board to a joint recreation district.
- Authorizes that joint recreation district to acquire, construct, maintain, and operate additional facilities and greenhouses.
- Authorizes that joint recreation district to issue revenue bonds for the acquisition, construction, furnishing, or equipping of property and establishes requirements for the bonds.
- Permits that joint recreation district to enter into contracts for a secured line of credit with a bank, savings and loan association, or savings bank.
- Expands that joint recreation district's power with respect to its own properties, facilities, activities, and programs.
- Authorizes that joint recreation district to enter into lease-purchase agreements, to designate the amounts and forms of property and casualty insurance to purchase, and to exercise other powers granted in the agreement that originally established the district.

CONTENT AND OPERATION

Background--joint recreation boards and joint recreation districts

(R.C. 755.14; R.C. 755.16 to 755.18, not in the bill)

Under current law, any municipal corporation, township, township park district, county, or school district, jointly with one or more other such subdivisions or with an educational service center, in any combination, and a joint recreation district, may acquire property for, construct, operate, equip, and maintain, and appropriate money for, parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, indoor recreation centers, or community centers. Further, each of the same subdivisions engaged in the joint operation and maintenance of parks and recreation facilities may, by resolution, establish a joint recreation board or a joint recreation district to operate and maintain parks or recreation facilities. A resolution adopted in either case must provide for the membership of the board responsible for overseeing the joint board or district.

A joint recreation district, once created, has the same powers as an individual subdivision member does with respect to recreation facilities.¹ All operating expenses are payable from the district's general fund. In addition, the district, in accordance with the Ohio Uniform Public Securities Law, may issue bonds for the purpose of acquiring lands or buildings, or extending, enlarging, or improving existing lands, facilities, or buildings for parks, recreational facilities, and community centers and the equipment thereof. Under R.C. 755.18, the district also has the authority to levy a property tax to acquire, maintain, and operate recreational facilities and community centers.

Membership of a joint recreation board hosting the Christopher Columbus Quincentenary Jubilee horticulture exhibition

(R.C. 755.14(B) and 755.141(A))

Under current law, if a joint recreation board owns, operates, or maintains a park or recreational facility that is the site or former site of an exhibition sanctioned by the United States Christopher Columbus Quincentenary Jubilee Commission and the exhibition is or was sponsored by an organization that is also sponsoring or has sponsored an exhibition sanctioned by the International Association of Horticulture

¹ Joint recreation boards are only marginally affected by the bill, so they are addressed only in the next topic in this analysis.

Producers (hereafter referred to as the "horticulture exhibition"),² then the Governor, Speaker of the House of Representatives, and President of the Senate must each appoint one member to the joint recreation board.

Rather than having the Governor, Speaker, and President appoint three members to the joint recreation *board* owning, operating, and maintaining a park or recreational facility that was the site of the horticulture exhibition, the bill provides that they appoint three members to the board of trustees of the joint recreation *district* owning, operating, or maintaining that park or facility.³ The bill otherwise retains current law's appointment process for the joint recreation board but applies it to the board of trustees of the joint recreation district, not the joint recreation board.

Powers of the joint recreation district board of trustees hosting the horticulture exhibition

Under the bill, the board of trustees of the joint recreation district owning, operating, or maintaining a park or recreational facility that was the site of the horticulture exhibition not only has the same powers as any other joint recreation district, but also has the following additional specified powers.

Acquire and maintain additional facilities

(R.C. 755.141(C))

The bill authorizes the joint recreation district board of trustees to acquire, construct, maintain, and operate horticultural facilities, public banquet facilities, and greenhouses in addition to other parks, recreational facilities, and community centers permitted under current law.

Issue revenue bonds

(R.C. 755.141(D))

The bill allows the joint recreation district board of trustees, by resolution, to issue revenue bonds beyond the legal limit of bonded indebtedness for the acquisition, construction, furnishing, or equipping of any real or personal property that it is authorized to acquire, construct, furnish, or equip, including all incidental or related

² The horticulture exhibition referred to was the 1992 Ameriflora Exhibition held in the Franklin Park Conservatory in Columbus. (See Ameriflora, Ohio History Central, <http://www.ohiohistorycentral.org/entry.php?rec=1651>.)

³ The Franklin Park Conservatory apparently is organized as a joint recreation district, with a board of trustees, despite current law, which designates it a joint recreation board. (See www.fpconservatory.org/governance.htm.)

costs. These revenue bonds may be secured only by a pledge of, and a lien on, the district's revenues designated in the resolution, including any property to be acquired, constructed, furnished, or equipped with bond proceeds, after provision only for the reasonable cost of operating, maintaining, and repairing the property. The revenue bonds may also be secured by the district's covenant to maintain rates or charges to produce revenue sufficient to operate, maintain, and repair the property, to meet the bonds' interest and principal requirements, and to establish and maintain reserves for these purposes.

The district board, also by resolution, may provide for the issuance of additional revenue bonds from time to time, to be secured equally and ratably, without preference, priority, or distinction, with outstanding revenue bonds, but subject to the terms and limitations of any trust agreement (described below) and of any resolution authorizing bonds then outstanding. The district board, by resolution, may pledge and subject to a lien for the payment of debt charges the revenues from additional district property, to the same extent as the revenues described above.

The bill further authorizes the district's board to secure its revenue bonds by a trust agreement between the joint recreation district and a corporate trustee, which may be any trust company or bank having powers of a trust company within or outside Ohio. If a district board opts to secure its revenue bonds with such a trust agreement, the agreement may pledge or assign the revenues to be received by the district, but not the district's general credit and taxing power.

The trust agreement or the resolution providing for the issuance of revenue bonds may (1) specify the rights and remedies of the bondholders and trustees and (2) contain other provisions to protect and enforce bondholder and trustee rights and remedies that the district board determines to be reasonable and proper. The trust agreement or resolution may provide for the custody, investment, and disbursement of all moneys derived from the sale of the bonds or from the district's revenues (except for the money received from taxes levied by a board of county commissioners for the purposes of paying debt charges on bonds or bond anticipation notes issued for parks, recreational facilities, and community centers). The agreement or resolution may provide for the deposit of such funds without regard to Ohio's Uniform Depository Act (R.C. Chapter 135.).

Any bonds issued pursuant to the bill must have all qualities and incidents of negotiable instruments, subject to provisions for registration, and may be issued in coupon, fully registered, or other form, or any combination thereof, as determined by the district's board of trustees. The bill allows the district to provide for the registration of any coupon bonds only as to principal, or as to both principal and interest, and for

the conversion into coupon bonds of any fully registered bonds or bonds registered as to both principal or interest.

The revenue bonds must bear the interest rates and dates, and mature within 30 years after the date of issuance, in the amount, at the time, and in the designated number of installments, as may be provided in or pursuant to their authorizing resolution. Any original issue of revenue bonds must mature not later than 30 years from the issuance date. The authorizing resolution must provide for the execution of the bonds, which may be by facsimile signature (unless specifically prohibited by the resolution), and the manner of the bonds' sale. The resolution also must include, or provide a way to determine, any other terms and conditions related to the issuance, sale, and retirement of the bonds that the district board determines to be reasonable and proper.

The bill authorizes a joint recreation district to issue renewal notes and to refund any bonds whenever it considers it expedient, whether or not the bonds to be refunded have matured. The final maturity of any notes, including renewal notes, cannot be later than five years from the issuance date of the original issue of notes. The final maturity of any refunding bonds may not be later than the later of: (1) 30 years from the date of the original issuance of the bonds or (2) the date by which, at the time of issuance of the refunding bonds, it is expected that the useful life of all of the property, except for interests in land, refinanced with proceeds of the bonds will expire. The refunding bonds must be sold and the proceeds applied to the purchase, redemption, or payment of the bonds to be refunded and the costs of issuance of the refunding bonds.

The bill provides that the bonds and notes issued, their transfer, and the income from their sale or transfer are always free from taxation in Ohio.

Obtain lines of credit

(R.C. 755.141(F))

The bill allows the district board of trustees to enter into contracts for a secured line of credit with a bank, savings and loan association, or savings bank if the contract meets the following requirements: (1) the term of the contract does not exceed one year, except that the contract may provide for its automatic renewal for up to four additional one-year periods, (2) the contract stipulates that the bank, savings and loan association, or savings bank may not commence a civil action against the board, any board member, or the county or municipal corporation to recover the principal, interest, or any charges or amounts remaining outstanding on the secured line of credit if the board defaults, (3) the contract provides that only the assets of the district can be used to secure the line of

credit, and (4) the contract's terms and conditions comply with all federal and state law regulating secured lines of credit.⁴

Perform additional activities with respect to its property

(R.C. 755.141(E))

The bill authorizes a joint recreation district to do the following:

- Operate (directly, or through agents) or otherwise provide for the operation of its properties, facilities, activities, and programs, and enter into related agreements and arrangements;
- Receive and apply the net proceeds of its properties, facilities, activities, and programs solely to manage, operate, develop, maintain, and repair its properties, buildings, facilities, improvements, and grounds;
- Impose and collect admission charges for selective events, exhibits, and facilities;
- Offer memberships of various denominations for selective activities or facilities;
- Form advisory and support committees to the district board to provide counsel and assistance to the board in managing, operating, and developing district properties, buildings, facilities, improvements, and grounds;
- Grant licenses or enter into leases or contracts for the use of any part of district properties, facilities, buildings, and grounds for any length of time and on any terms and conditions the board deems appropriate and necessary;
- Grant easements in, through, or over district property;
- Receive and accept from any federal, state, county, municipal, or local government or agency, any grant or contribution of money, property, labor, or other things of value, to be held, used, and applied for the purpose for which such grants and contributions are made; and

⁴ "Bank," "savings and loan association," and "savings bank" are defined in the existing Financial Institutions Law, in R.C. 1101.01, 1151.01, and 1161.01, respectively (not in the bill).

- Accept and expend gifts, grants, devises, and bequests of money and property and hold, use, and apply them according to their terms.

Enter into lease-purchase agreements

(R.C. 755.141(G))

The bill authorizes a district board to enter into a lease-purchase agreement⁵ to acquire the real or personal property it is authorized to acquire under the bill. Such an agreement must provide for a series of terms in which no term extends beyond the end of the district's fiscal year in which the term commences. The bill prohibits the terms from operating beyond the useful life of the real or personal property that is the subject of the agreement.⁶

The lease-purchase agreement must include a provision stating that, at the end of the agreement's final term, if all obligations of the joint recreation district have been satisfied, the title to the leased property will vest in the district if it has not yet so vested. However, the lease-purchase agreement may require the district to pay an additional lump sum payment as a condition of obtaining that title.

The bill authorizes the district board entering into a lease-purchase agreement to do any of the following with the property that is the subject of the agreement: (1) if the property is personal property, assign the board's rights to it, (2) grant the lessor a security interest in the property, or (3) if the property is real property, grant leases, easements, or licenses for underlying land or facilities under the board's control for terms not exceeding five years beyond the final term of the agreement.

The bill specifies that the lease-purchase authority is in addition to, not in derogation of, any other financing authority provided by law.

⁵ The bill defines a "lease-purchase agreement" as a lease with an option to purchase.

⁶ The bill provides that the "useful life" of the property is either the maximum number of installment payments permitted under the statute authorizing the board to acquire the property or, if there is no such statute, by the maximum number of years to maturity provided under the Ohio Uniform Public Securities Law for the issuance of bonds based on the specific type of facility. If the useful life cannot be ascertained through either of these methods, the bill requires it to be estimated by the district's fiscal officer under that Law.

Purchase insurance

(R.C. 755.141(B) and (F)(3))

The district board may designate the amounts and forms of property and casualty insurance protection to be provided and must pay for it from the district's operating funds. Under the bill, any insurance obligation incurred by the district board is not a general obligation of the board of county commissioners, the county, or the municipal corporation within the meaning of a "general obligation" under the Uniform Public Securities Law.

Exercise other powers

(R.C. 755.141(H))

The bill authorizes the district board to exercise any other powers that were granted to it in the agreement between the municipal corporation and the board of county commissioners establishing the joint recreation district.

HISTORY

ACTION	DATE
Introduced	04-12-10
Reported, H. Local Gov't & Public Administration	05-26-10
Passed House (97-0)	05-26-10

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