
TREASURER OF STATE

Agricultural Linked Deposit Program

- Modifies the existing Agricultural Linked Deposit Program, as follows:
 - (1) Makes agricultural businesses with land in the western basin of the state eligible for larger reduced rate loans if the businesses certify that the loan proceeds will materially contribute to the businesses' compliance with the provisions of S.B. 1 (131st General Assembly) that restrict the surface application of manure in certain circumstances;
 - (2) Provides an alternative interest rate at which a lending institution may lend the linked deposit to eligible agricultural businesses;
 - (3) Increases the period of time in which a lending institution may lend the funds after placement of the linked deposit with the institution.

Public depositories: pledging of security

- Modifies the Uniform Depository Law relative to the pledging of security for the repayment of uninsured public deposits that is required of financial institutions designated public depositories, as follows:
 - Requires the perfection of security interests in the eligible securities pledged by the public depositories in accordance with applicable state and federal laws;
 - Requires the Treasurer of State to create the Ohio Pooled Collateral Program not later than July 1, 2017, and, upon creation of the Program, terminates the existing procedures for a public depository to pledge a single pool of securities to secure the repayment of all public moneys deposited in that financial institution;
 - Under the Program, requires a public depository to pledge the entire pool of securities to the Treasurer of State, rather than to the public depositors, as is required under current law;
 - Makes other procedural changes with respect to the pledging requirements.



Agricultural Linked Deposit Program

(R.C. 135.731 and 135.74)

The bill modifies the existing Agricultural Linked Deposit Program, as follows:

--Before July 1, 2020, agricultural businesses that maintain land or facilities for agricultural purposes in the western basin of Ohio are eligible for loans of not more than \$500,000 (currently, loans cannot exceed \$150,000) if the businesses certify that the reduced rate loan (1) will be used exclusively for agricultural purposes on the land or facilities in the western basin and (2) will materially contribute to the businesses' compliance with the provisions of S.B. 1 (131st General Assembly) that restrict the surface application of manure in certain circumstances.

--The interest rate at which the lending institution may lend the linked deposit to eligible agricultural businesses is changed to be either:

(1) The rate specified in current law (that is, a rate equal to the present borrowing rate applicable to the specific business minus the difference between the market rate and the actual rate at which the CDs were placed, or the market rate and the actual rate at which the investments that constitute the linked deposit were made, as applicable), or

(2) A rate not more than 300 basis points below the present borrowing rate applicable to the specific business.

--The period of time in which the lending institution may lend the funds upon placement of the linked deposit is increased from two to five years, and the Treasurer of State's option to renew the period for an additional two years is eliminated.

Public depositories: pledging of security

(R.C. 135.01, 135.18, 135.181, 135.182, and 135.37 (primary); R.C. 113.06, 131.09, 131.15, 135.04, 135.14, 135.144, 135.145, 135.35, 135.353, 135.354, 731.59, 991.03, and 3315.08 (conforming changes))

The bill modifies the Uniform Depository Law (R.C. Chapter 135.) relative to the Law's requirement that financial institutions designated as public depositories pledge security for the repayment of uninsured public deposits. First of all, the bill requires the perfection of security interests in the eligible securities pledged by the public depositories in accordance with applicable state and federal laws. Additionally, it requires the Treasurer of State to create the Ohio Pooled Collateral Program not later than July 1, 2017. Upon creation of the Program, the procedures set forth in existing law for a public depository to pledge a single pool of securities to secure the repayment of



all public moneys deposited in that financial institution would terminate. Under the Program, a public depository is required to pledge the entire pool of securities to the Treasurer of State, rather than to the public depositors, as is required under current law. The bill also makes other procedural changes with respect to the pledging requirements.

