



## Ohio Revised Code

### Section 3349.05 Financing of university facilities - bonds.

Effective: November 5, 1965

Legislation: House Bill 706 - 106th General Assembly

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To provide all or part of the moneys for acquiring, constructing, equipping, furnishing, repairing, remodeling, renovating, enlarging, and improving university facilities, including costs connected with or incidental thereto and the financing thereof, and to repay or restore moneys borrowed or advanced for such purposes or temporarily used therefor from other funds of such institution, the board of directors of any municipal university, college, or other educational institution may by resolution provide for borrowing money and issuing, on behalf of the municipal corporation with which such institution is identified, bonds, notes, and other evidences of indebtedness, all being referred to in this section as "bonds," secured by a pledge of and lien on such revenues of the institution from the operation or ownership of the university facilities, present or future, designated in said resolution, including but not limited to the university facilities to which the proceeds of such bonds are to be applied, as the board may pledge in said resolution, and the bonds may be secured otherwise or additionally by a pledge of and lien on such rentals, charges, fees, revenues, pledges of gifts, and other receipts of such institution from sources other than taxation, except such taxes as are specifically allocated to such purposes by the taxing authority of such municipal corporation, as the board may designate in such resolution. The bonds may be additionally secured by a covenant of the board to maintain such rates, charges, and fees as will produce revenues sufficient to meet costs of operating, maintaining, and repairing such university facilities and to meet the principal and interest requirements of such bonds and to establish and maintain reserves for the foregoing purposes.

The bonds shall not be general obligations of such municipal corporation, and shall not constitute a debt, or a pledge of the faith and credit, of such municipal corporation, but shall be payable solely from the funds pledged for their payment as authorized by this section, or from funds derived from the issuance of refunding bonds as authorized by this section, which refunding bonds shall be payable solely from the funds pledged to their payment as provided in this section, or, in the case of temporary bonds, may also be payable from the funds derived from the issuance of definitive bonds. All such bonds shall contain on their faces a statement to the effect that the bonds, as to both principal and interest, are not general obligations of such municipal corporation, but are payable solely from the revenues and funds pledged to their payment.



The resolution of the board providing for the issuance or the award of such bonds shall provide for the manner of execution and sealing of the bonds, and for such purpose may provide for the use of facsimile signatures and a facsimile of the seal, and shall further provide the manner of sale of the bonds, and such other terms and conditions relative to the terms of the bonds and the issuance, sale, and retirement of said bonds as such board in its discretion deems reasonable and proper. In case any officer whose signature, or a facsimile of whose signature, appears on any bonds or coupons ceases to be such officer before delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and in case the seal of such institution has been changed after a facsimile thereof has been imprinted on said bonds, such facsimile seal shall continue to be sufficient for all purposes.

All bonds issued under this section shall have all the qualities and incidents of negotiable instruments under the laws of this state. The bonds may be issued in coupon or in registered form, or both, as the board determines, and provision may be made for the registration of any coupon bonds as to the principal alone and also as to both principal and interest, and for the conversion or reconversion into coupon bonds of any bonds registered as to both principal and interest.

The board may by resolution provide for the issuance of additional bonds from time to time, to be secured equally and ratably, without preference, priority, or distinction, with outstanding bonds, but subject to the terms and limitations of the trust agreement described in this section and of any resolution authorizing bonds then outstanding. The board may by resolution designate additional university facilities the revenues of which shall be pledged and be subject to the lien of bonds theretofore or thereafter issued and to the lien of any trust agreement theretofore authorized by resolution of the board, to the same extent as the revenues or receipts theretofore pledged, and for the purpose of providing such additional security the board may also so designate other or additional fees, charges, revenues, or other receipts of the institution.

In the discretion of the board, any such bonds may be secured by a trust agreement entered into with a corporate trustee, which trustee may be any trust company or bank having powers of a trust company, within or without the state.

The trust agreement may provide for the pledge or assignment of revenues but shall not convey or



mortgage any university facility nor pledge the general credit of the municipal corporation with which such institution is identified. The trust agreement or the resolution providing for the issuance or award of the bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as are reasonable and proper and not in violation of law, including covenants setting forth the duties of the board in relation to the acquisition of property, and the construction, improvement, maintenance, repair, operation, and insurance of the university facilities the revenues of which are pledged to secure the bonds, the rates, fees, and charges, to be charged, and the custody, safeguarding, and application of moneys, and provisions for the employment of consulting engineers in connection with the construction, maintenance, or operation of such university facilities. Any bank or trust company incorporated under the laws of this state selected to act as depository of the proceeds of bonds or of the pledged revenues may furnish such indemnifying bonds or may pledge such securities as are required by the board. The trust agreement or resolution may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders as is customary in similar trust agreements or trust indentures. The trust agreement or resolution may contain such other provisions as the board deems reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of any such trust agreement or resolution may be treated as a part of the cost of the operation of such university facilities. The trust agreement or resolution may provide the method whereby the general administrative overhead expense of the institution shall be allocated among the several operations and university facilities of such institution for purposes of determining the operating and maintenance expenses payable from the pledged revenues prior to the charges for debt service, and for other purposes of the trust agreement or resolution.

All the pledged revenues and funds and the proceeds of the bonds are trust funds and, subject to the provisions of this section, shall be held, deposited, invested, reinvested, disbursed, applied, and used to such extent, in such manner, at such times, and for such purposes, as are provided in the trust agreement or resolution authorizing the bonds.

Prior to the preparation of definitive bonds, the board may, under like restrictions, issue notes or temporary bonds with or without coupons, exchangeable for definitive bonds when such bonds have been executed and are available for delivery, or to be retired from the proceeds of the sale of definitive bonds or notes, and in connection therewith may covenant to the effect that such board shall do all things necessary for the issuance of said definitive bonds or notes and shall make such



exchange or apply such proceeds at the time or times contemplated.

The board may provide by resolution for the issuance of refunding bonds, payable solely from the revenues and funds pledged to their payment as provided in this section, for the purpose of refunding any bonds then outstanding, including, if so determined by the board, payment of any redemption premium thereon, payment of the principal maturities of any bonds of the series to be refunded maturing prior to the redemption of the remaining bonds of such series, and payment of any interest accrued or to accrue to the maturity or date of redemption of such bonds, together with any expenses incurred or to be incurred in connection with such refunding or the issuance of the refunding bonds. The issuance of such refunding bonds, the terms and details thereof, the rights of the holders thereof, and the rights, duties, and obligations of the issuing institution and its board in respect of such bonds, shall be governed by the provisions of this section insofar as they are applicable.