
TREASURER OF STATE

Agricultural Linked Deposit Program

- Modifies the Agricultural Linked Deposit Program, as follows:
 - Until July 1, 2020, 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 their compliance with provisions of S.B. 1 (131st General Assembly) that restrict the surface application of manure;
 - Provides an alternative interest rate at which a lending institution may lend the linked deposit to eligible agricultural businesses;
 - 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 state and federal laws;
 - Modifies the total market value of pledged securities that is required;
 - 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 prior 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 depositories, as was required under prior law;
 - Makes other procedural changes with respect to the pledging requirements.



Agricultural Linked Deposit Program

(R.C. 135.731 and 135.74)

The act modifies the 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 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 evaluating the businesses, the Treasurer of State is to give priority to a business's financial need for the loan to comply with S.B. 1 as well as the overall financial need of the business and the economic needs of the area in which the business is located.

--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 continuing 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 act modifies the Uniform Depository Law's requirement that financial institutions designated as public depositories pledge security for the repayment of uninsured public deposits. First, the act requires the perfection of security interests in the eligible securities pledged by the public depositories in accordance with state and federal laws. If a public depository elects to secure the uninsured public deposits of each public depositor separately, the act requires that the aggregate market value of the



pledged securities equal at least 105% of the total amount of those uninsured deposits. Under prior law, the aggregate market value of the pledged securities had to at least equal the total of the uninsured deposits.

The act also requires the Treasurer of State to create the Ohio Pooled Collateral Program by July 1, 2017. Upon creation of the Program, the procedures set forth in continuing 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 will terminate. Under the Program, a public depository will be required to pledge the entire pool of securities to the Treasurer of State, rather than to the public depositors, as was required under prior law. The total market value of the securities so pledged will have to equal at least 102% of the total amount of all uninsured public deposits. (Prior to the creation of the Program, the total market value must equal at least 105% of the total uninsured public deposits.)

Lastly, the act makes other procedural changes with respect to the pledging requirements.

