Amendment No. AM_136_2046-2

<u>Sub. S. B. No. 300</u>
As Pending in the Senate Finance Committee

_____________________________ moved to amend as follows:

In line 4 of the title, after "135.451" insert ", 145.11, 145.14, 145.26, 145.47, 148.02"; after "164.09" insert ", 171.05"

In line 5 of the title, after "323.611" insert ", 742.11, 742.32, 742.3712, 742.41, 742.47, 742.61"

In line 6 of the title, after "3307.12" insert ", 3307.15, 3307.291, 3309.12, 3309.15, 3309.57"

In line 7 of the title, after "4705.10" insert ", 5505.06, 5505.10, 5505.11"

In line 12 of the title, delete "section" and insert "sections"; after "113.052" insert ", 145.261, 148.03, 171.07, 171.08, 742.611, 3307.122, 3309.121, and 5505.113"

In line 14 of the title, after "Code" insert "to modify the laws"; after "State" insert "and to repeal sections 742.361, 742.362, 742.374, and 3307.121 of the Revised Code on July 1, 2027"

In line 17, after "135.451" insert ", 145.11, 145.14, 145.26, 145.47, 148.02"; after "164.09" insert ", 171.05"

In line 18, after "323.611" insert ", 742.11, 742.32, 742.3712, 742.41, 742.47, 742.61"

In line 19, after "3307.12" insert ", 3307.15, 3307.291, 3309.12, 3309.15, 3309.57"

In line 20, after "4705.10" insert ", 5505.06, 5505.10, 5505.11"

In line 24, delete "section" and insert "sections"; after "113.052" insert ", 145.261, 148.03, 171.07, 171.08, 742.611, 3307.122, 3309.121, and 5505.113"

In line 92, delete "145.11, 742.11, 3307.15, 3309.15,"; delete the fifth "," and insert "or"

In line 93, delete ", or 5505.06"

In line 259, delete "retirement system,"

In line 261, after "state." insert ""State entity" does not include the public employees retirement system, Ohio police and fire pension fund, state teachers retirement system, school employees retirement system, state highway patrol retirement system, or Ohio retirement study council."

After line 2003, insert:

"**Sec. 145.11.** (A) The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

To facilitate investment of the funds, the board may establish a partnership, trust, limited liability company, corporation, including a corporation exempt from taxation under the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as amended, or any other legal entity authorized to transact business in this state.

(B) In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board. In fulfilling this intent, equal consideration shall also be given to investments otherwise qualifying under this section that involve minority owned and controlled firms and firms owned and controlled by women, either alone or in joint venture with other firms.

The board shall adopt, in regular meeting, policies, objectives, or criteria for the operation of the investment program that include asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines. In adopting policies and criteria for the selection of agents with whom the board may contract for the administration of the funds, the board shall comply with sections 145.114 and 145.116 of the Revised Code and shall also give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving minority owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the board. Amendments and additions to the policies and criteria shall be adopted in regular meeting. The board shall publish its policies, objectives, and criteria under this provision no less often than annually and shall make copies available to interested parties.

The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

When reporting on the performance of investments, the board shall comply with the performance presentation standards established by the association for investment management and research.

(C) All investments shall be purchased at current market prices and the evidences of title of the investments shall be

~~placed in the hands of the treasurer of state, who~~ held by the board, which is hereby designated as custodian thereof, or ~~in the hands of the treasurer of state's~~ the board's authorized agent. Evidences of title of the investments so purchased may be deposited by the ~~treasurer of state~~ board for safekeeping with an authorized agent, selected by the ~~treasurer of state~~board, who is a qualified trustee under section ~~135.18~~ 145.261 of the Revised Code. The ~~treasurer of state~~ board or the agent shall collect the principal, dividends, distributions, and interest thereon as they become due and payable and place them when so collected into the custodial funds.

The ~~treasurer of state~~ board or the board's authorized agent shall pay for investments purchased by the ~~retirement~~ board on receipt of written or electronic instructions from the board or the board's designated agent authorizing the purchase and pending receipt of the evidence of title of the investment by the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent. The board may sell investments held by the board, and the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent shall accept payment from the purchaser and deliver evidence of title of the investment to the purchaser on receipt of written or electronic instructions from the board or the board's designated agent authorizing the sale, and pending receipt of the moneys for the investments. The amount received shall be placed in the custodial funds. The board ~~and the treasurer of state~~ may ~~enter into agreements to~~ establish procedures for the purchase and sale of investments under this division and the custody of the investments.

(D) No purchase or sale of any investment shall be made under this section except as authorized by the public employees retirement board.

(E) Any statement of financial position distributed by the board shall include the fair value, as of the statement date, of all investments held by the board under this section.

Sec. 145.14. For the purpose of meeting disbursements for annuities and other payments in excess of the receipts, there shall be kept available by the ~~treasurer of state~~ public employees retirement board an amount not exceeding ten per cent of the total amount in the funds provided for by this chapter on deposit in any bank or banks in this state, organized under the laws thereof, or under the laws of the United States, or with any trust company or trust companies incorporated by the law of this state. Said banks or trust companies shall furnish adequate security for said deposit. The sum so deposited in any one bank or trust company shall not exceed twenty-five per cent of the paid-up capital and surplus of said bank or trust company.

Sec. 145.26. The ~~treasurer of state~~ public employees retirement board shall be the custodian of the funds of the public employees retirement system, and all disbursements therefrom shall be paid by the ~~treasurer of state~~ board only upon instruments authorized by the ~~public employees retirement~~ board and bearing the signatures of the board; provided, that such instruments may bear the names of the board members printed thereon and the signatures of the chairperson, or of the vice-chairperson in case of the absence or disability of the chairperson, and of the executive director of the board. The signatures of the chairperson and of the executive director may be affixed through the use of a mechanical check-signing device.

~~The treasurer of state shall give a separate and additional bond in such amount as is fixed by the governor and with sureties selected by the board and approved by the~~

~~governor, conditioned for the faithful performance of the duties of the treasurer of state as custodian of the funds of the system. Such bond shall be deposited with the secretary of state and kept in the office. The governor may require the treasurer of state to give other and additional bonds, as the funds of the system increase, in such amounts and at such times as may be fixed by the governor, which additional bonds shall be conditioned, filed, and obtained as is provided for the original bond of the treasurer of state covering the funds of the system. The premium on all bonds shall be paid by the board.~~

The ~~treasurer of state~~ board shall deposit ~~any portion of~~ the funds of the system ~~not needed for immediate use in the same manner as state funds are deposited, and subject to all laws with respect to the deposit of state funds, by the treasurer of state, and all~~ in a depository described under section 145.261 of the Revised Code. All interest earned by such portion of the retirement funds as is deposited by the ~~treasurer of state~~ board shall be collected by the ~~treasurer of state~~ board and placed to the credit of the board.

~~The treasurer of state shall furnish annually to the board a sworn statement of the amount of the funds in the treasurer of state's custody belonging to the system.~~

Sec. 145.261. (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the public employees retirement board under section 145.11 of the Revised Code:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 145.26 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds of the public employees retirement system in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds of the system in an aggregate amount in excess of thirty per cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

Sec. 145.47. (A) Each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

(B) The head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts ~~with the treasurer of state~~ in the appropriate funds created by section 145.23 of the Revised Code for use as provided by this chapter.

(C) Unless the board adopts a rule under division (D) of this section, the penalty described in division (B) of this section for failing to timely transmit a report, pay the total amount due, or both is as follows:

(1) At least one but not more than ten days past due, an amount equal to one per cent of the total amount due;

(2) At least eleven but not more than thirty days past due, an amount equal to two and one-half per cent of the total amount due;

(3) Thirty-one or more days past due, an amount equal to five per cent of the total amount due.

The penalty described in this division shall be added to and collected on the next succeeding regular employer billing. Interest at a rate set by the retirement board shall be charged on the amount of the penalty in case such penalty is not paid within thirty days after it is added to the regular employer billing.

(D) The board may adopt rules to establish penalties in amounts that do not exceed the amounts specified in divisions (C)(1) to (3) of this section.

(E) In addition to the periodical reports of deduction required by this section, the fiscal officer of each local authority subject to this chapter shall submit to the system at least once each year a complete listing of all noncontributing appointive employees. Where an employer fails to transmit contributions to the system, the system may make a determination of the employees' liability for contributions and certify to the employer the amounts due for collection in the same manner as payments due the employers' accumulation fund. Any amounts so collected shall be held in trust pending receipt of a report of contributions for such public employees for the period involved as provided by law and, thereafter, the amount in trust shall be transferred to the employees' savings fund to the credit of the employees. Any amount remaining after the transfer to the employees' savings fund shall be transferred to the employers' accumulation fund as a credit of such employer.

(F) The fiscal officer of each local authority subject to this chapter shall require each new contributor to submit to the system a detailed report of all the contributor's previous service as a public employee along with such other facts as the board requires for the proper operation of the system.

(G) Any member who, because of the member's own illness, injury, or other reason which may be approved by the member's employer is prevented from making the member's contribution to the system for any payroll period, may purchase service credit for the period of absence within one year. Credit shall be purchased under this division in accordance with section 145.29 of the Revised Code.

Sec. 148.02. The Ohio public employees deferred compensation program is hereby created for all eligible employees. The public employees retirement board created in section 145.04 of the Revised Code shall administer the program.

The board may utilize its employees and property in the administration of the program in consideration of a reasonable service charge to be applied in a nondiscriminatory manner to all amounts of compensation deferred under the program.

The board may exercise the same powers granted by section 145.09 of the Revised Code necessary to perform its functions under this chapter. The attorney general shall be the legal adviser of the board. The Ohio public employees deferred compensation receiving account, which is hereby created, shall be in the custody of the ~~treasurer of state, but~~ board and shall not be part of the state treasury. The Ohio public employees deferred compensation receiving account is a legal entity that is separate from the various funds created under Chapter 145. of the Revised Code. The board shall deposit all money in the Ohio public employees deferred compensation receiving account in a depository described under section 148.03 of the Revised Code.

Sec. 148.03. (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the public employees retirement board under this chapter:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial

institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 148.02 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds of the Ohio public employees deferred compensation receiving account in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds of the Ohio public employees deferred compensation receiving account in an aggregate amount in excess of thirty per cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to

the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system."

After line 2786, insert:

"**Sec. 171.05.** The compensation of all employees of the Ohio retirement study council and other expenses of the council shall be paid upon vouchers approved by the director and the chairperson of the council.

The public employees retirement system, state teachers retirement system, school employees retirement system, state highway patrol retirement system, and Ohio police and fire pension fund shall pay the annual expenses of the council. The council shall prepare and submit to the retirement boards on or before the thirtieth day of June of each year an itemized estimate of the amounts necessary to pay the expenses of the council during the following year. Such expenses shall be charged to and paid by each of the retirement systems in the same ratio as the assets of each system, as of the preceding January first, bear to the total assets of all five systems on that date. The systems shall pay the expenses required under this section by electronic funds transfer or any other method or device of electronic payment.

The council shall establish policies and procedures for purchasing goods and services on a competitive basis and maintaining tangible personal property. The policies and procedures shall be designed to safeguard the use of funds received by the council. An audit performed under Chapter 117. of the Revised Code shall include a determination of the council's compliance with the policies and procedures.

The council is not subject to Chapters 123., 124., 125., 126., and 127. of the Revised Code.

~~The treasurer of state shall be the custodian of all funds of the council.~~

Sec. 171.07. The Ohio retirement study council fund is created, which shall not be part of the state treasury and shall be in the custody of the Ohio retirement study council. The fund shall consist of all money received from the state retirement systems under section 171.05 of the Revised Code. All money in the fund, including investment earnings on the money, shall be used solely to cover the expenses of the council. The council shall deposit all money in the fund in a depository described under section 171.08 of the Revised Code.

Sec. 171.08. (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the Ohio retirement study council:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 171.07 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds of the council in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds of the council in an aggregate amount in excess of thirty per cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system. "

After line 3759, insert:

"**Sec. 742.11.** (A) The members of the board of trustees of the Ohio police and fire pension fund shall be the trustees of the funds created by section 742.59 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Ohio police and fire pension fund; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the disability and pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

To facilitate investment of the funds, the board may establish a partnership, trust, limited liability company, corporation, including a corporation exempt from taxation under the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C.A. 1, as amended, or any other legal entity authorized to transact business in this state.

(B) In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board. In fulfilling this intent, equal consideration shall be given to investments otherwise qualifying under this section that involve minority owned and controlled firms and firms owned and controlled by women, either alone or in joint venture with other firms.

The board shall adopt, in regular meeting, policies, objectives, or criteria for the operation of the investment program that include asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines. In adopting policies and criteria for the selection of agents with whom the board may contract for the administration of the funds, the board shall comply with sections 742.114 and 742.116 of the Revised Code and shall also give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and joint ventures involving minority owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the board. Amendments and additions to the policies and criteria shall be adopted in regular meeting. The board shall publish its policies, objectives, and criteria under this provision no less often than annually and shall make copies available to interested parties.

The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

When reporting on the performance of investments, the board shall comply with the performance presentation standards established by the association for investment management and research.

(C) All bonds, notes, certificates, stocks, or other evidences of investments purchased by the board shall be ~~delivered to the treasurer of state, who~~ held by the board, which is hereby designated as custodian thereof, or ~~to~~ the ~~treasurer of state's~~ board's authorized agent, and the ~~treasurer of state~~ board or the agent shall collect the principal, interest, dividends, and distributions that become due and payable and place them when so collected into the custodial funds. Evidences of title of the investments may be deposited by the ~~treasurer of state~~ board for safekeeping with an authorized agent, selected by the ~~treasurer of state~~board, who is a qualified trustee under section ~~135.18~~ 742.611 of the Revised Code. The ~~treasurer of state~~ board or the board's authorized agent shall pay for the investments purchased by the board on receipt of written or electronic instructions from the board or the board's designated agent authorizing the purchase and pending receipt of the evidence of title of the investment by the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent. The board may sell investments held by the board, and the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent shall accept payment from the purchaser and deliver evidence of title of the investment to the purchaser on receipt of written or electronic instructions from the board or the board's designated agent authorizing the sale, and pending receipt of the moneys for the investments. The amount received shall be placed into the custodial funds. The board ~~and the treasurer of state~~ may ~~enter into agreements to~~ establish procedures for the purchase and sale of investments under this division and the custody of the investments.

(D) All of the board's business shall be transacted, all its funds shall be invested, all warrants for money drawn and payments shall be made, and all of its cash, securities, and other property shall be held, in the name of the board or its nominee, provided that nominees are authorized by board resolution for the purpose of facilitating the ownership and transfer of investments.

(E) No purchase or sale of any investment shall be made under this section except as authorized by the board of trustees of the Ohio police and fire pension fund.

(F) Any statement of financial position distributed by the board shall include the fair value, as of the statement date, of all investments held by the board under this section.

Sec. 742.32. (A) The fiscal officer of each employer shall transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section 742.31 of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. Separate payments shall be so transmitted for that portion of such deductions made from the salaries of members of the police department and for that portion of such deductions made from the salaries of members of the fire department. The report and payment are due the last day of the month following the last business day of the reporting period.

(B) A penalty determined under section 742.352 of the Revised Code shall be assessed if any of the following occur:

(1) The report is received by the board after the due date or is not in the form required by the board.

(2) Payments to cover the total amount due from the salaries of all employees of the employer are received by the board after the due date.

The penalty shall be added to and collected on the next succeeding regular employer billing. If the penalty is not paid within sixty days after it is added to the regular employer billing, interest at a rate determined by the board may be charged on the total amount due and the amount of the penalty from the date the amount is due to the date of payment.

(C) The secretary of the board, after making a record of all such receipts and crediting each employee's individual account with the amount deducted from the employee's salary, shall deposit the receipts ~~with the treasurer of state~~ in the appropriate funds created by section 742.59 of the Revised Code for use as provided by this chapter. Where an employer fails to deduct contributions for any employee and transmit such amounts to the fund, the board may make a determination of the employee's liability for contributions and certify to the employer the amounts due for collection in the same manner and subject to the same penalties as payments due the employer's contributions funds.

Sec. 742.3712. (A) Effective July 1, 1981, each person eligible to receive an age and service or disability pension, allowance, or benefit pursuant to Chapter 742. of the Revised

Code that was based upon an award made effective before January 1, 1974, shall have the person's monthly pension increased by five per cent, except that the twelve-month sum of such increase shall not exceed five per cent of the first five thousand dollars of the annual pension allowance or benefit.

A member of the Ohio police and fire pension fund or a survivor who is receiving a pension or benefit in accordance with the rules in force on April 1, 1947, governing the granting of pensions and benefits, which provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members, shall not be eligible to receive the increase provided by this section.

(B) Effective July 1, 1981, each person eligible to receive a survivor's benefit pursuant to Chapter 742. of the Revised Code that was based upon an award made effective before July 1, 1981, shall have the person's monthly benefit increased by five per cent, except that the twelve-month sum of such increases shall not exceed five per cent of the first five thousand dollars of the annual benefit.

(C) The increases provided in divisions (A) and (B) of this section shall be applied to the benefit payable on and after July 1, 1981.

(D) The benefits provided in divisions (A) and (B) of this section are a continuation of those first provided in Am. Sub. H.B. 204 as passed by the 113th general assembly.

~~(E) On or before August 1, 1982, and on or before the first day of August in each year thereafter, the board of trustees of the Ohio police and fire pension fund shall certify to the treasurer of state the amounts needed to pay the cost of~~

~~the additional payments required under this section for the preceding fiscal year. Upon receipt of these certifications, the treasurer of state shall pay the amount certified.~~

Sec. 742.41. (A) As used in this section:

(1) "Other system retirant" has the same meaning as in section 742.26 of the Revised Code.

(2) "Personal history record" includes a member's, former member's, or other system retirant's name, address, telephone number, social security number, record of contributions, correspondence with the Ohio police and fire pension fund, status of any application for benefits, and any other information deemed confidential by the trustees of the fund.

(B) ~~The treasurer of state shall furnish annually to the board of trustees of the fund a sworn statement of the amount of the funds in the treasurer of state's custody belonging to the Ohio police and fire pension fund.~~ The records of the fund shall be open for public inspection except for the following, which shall be excluded, except with the written authorization of the individual concerned:

(1) The individual's personal history record;

(2) Any information identifying, by name and address, the amount of a monthly allowance or benefit paid to the individual.

(C) All medical reports and recommendations required are privileged, except as follows:

(1) Copies of medical reports or recommendations shall be made available to the personal physician, attorney, or authorized agent of the individual concerned upon written release received from the individual or the individual's agent

or, when necessary for the proper administration of the fund, to the board-assigned physician.

(2) Documentation required by section 2929.193 of the Revised Code shall be provided to a court holding a hearing under that section.

(D) Any person who is a member of the fund or an other system retirant shall be furnished with a statement of the amount to the credit of the person's individual account upon the person's written request. The fund need not answer more than one such request of a person in any one year.

(E) Notwithstanding the exceptions to public inspection in division (B) of this section, the fund may furnish the following information:

(1) If a member, former member, or other system retirant is subject to an order issued under section 2907.15 of the Revised Code or an order issued under division (A) or (B) of section 2929.192 of the Revised Code or is convicted of or pleads guilty to a violation of section 2921.41 of the Revised Code, on written request of a prosecutor as defined in section 2935.01 of the Revised Code, the fund shall furnish to the prosecutor the information requested from the individual's personal history record.

(2) Pursuant to a court order issued pursuant to Chapter 3119., 3121., 3123., or 3125. of the Revised Code, the fund shall furnish to a court or child support enforcement agency the information required under that section.

(3) At the request of any organization or association of members of the fund, the fund shall provide a list of the names and addresses of members of the fund and other system retirants.

The fund shall comply with the request of such organization or association at least once a year and may impose a reasonable charge for the list.

(4) Within fourteen days after receiving from the director of job and family services a list of the names and social security numbers of recipients of public assistance pursuant to section 5101.181 of the Revised Code, the fund shall inform the auditor of state of the name, current or most recent employer address, and social security number of each member or other system retirant whose name and social security number are the same as that of a person whose name or social security number was submitted by the director. The fund and its employees shall, except for purposes of furnishing the auditor of state with information required by this section, preserve the confidentiality of recipients of public assistance in compliance with section 5101.181 of the Revised Code.

(5) The fund shall comply with orders issued under section 3105.87 of the Revised Code.

On the written request of an alternate payee, as defined in section 3105.80 of the Revised Code, the fund shall furnish to the alternate payee information on the amount and status of any amounts payable to the alternate payee under an order issued under section 3105.171 or 3105.65 of the Revised Code.

(6) At the request of any person, the fund shall make available to the person copies of all documents, including resumes, in the fund's possession regarding filling a vacancy of a police officer employee member, firefighter employee member, police retirant member, or firefighter retirant member of the board of trustees. The person who made the request shall pay the cost of compiling, copying, and mailing the documents. The

information described in this division is a public record.

(7) The fund shall provide the notice required by section 742.464 of the Revised Code to the prosecutor assigned to the case.

(F) A statement that contains information obtained from the fund's records that is signed by the secretary of the board of trustees of the Ohio police and fire pension fund and to which the board's official seal is affixed, or copies of the fund's records to which the signature and seal are attached, shall be received as true copies of the fund's records in any court or before any officer of this state.

Sec. 742.47. Except as provided in sections 742.461, 742.462, 742.463, 742.464, 3105.171, 3105.65, and 3115.501 and Chapters 3119., 3121., 3123., and 3125. of the Revised Code, sums of money due or to become due to any individual from the Ohio police and fire pension fund are not liable to attachment, garnishment, the operation of bankruptcy or insolvency laws, levy, or seizure under any legal or equitable process or any other process of law whatsoever, whether those sums remain with ~~the treasurer of the fund or~~ any officer or agent of the board of trustees of the fund or are in the course of transmission to the individual entitled to them, but shall inure wholly to the benefit of that individual.

Sec. 742.61. The ~~treasurer of state~~ board of trustees of the Ohio police and fire pension fund shall be the custodian of all funds under the control and management of the board ~~of trustees of the Ohio police and fire pension fund~~, and all disbursements of such funds shall be paid by the ~~treasurer of state~~ board only upon instruments duly authorized by the board and bearing the signatures of the chairperson and secretary of the board. The signatures of the chairperson and secretary may be facsimile signatures.

~~The treasurer of state shall give a separate and additional bond in such amount as is fixed by the board, conditioned upon the faithful performance of the treasurer of state's duties as custodian of the funds under the control and management of the board and to be executed by a surety company selected by the board that is authorized to transact business in this state. Such bond shall be deposited with the secretary of state and kept in the secretary of state's office. The board may require the treasurer of state to give other and additional bonds, as the funds under the control and management of the board increase, in such amounts and at such times as are fixed by the board, which additional bonds shall be conditioned, filed, and executed as is provided for the original bond of the treasurer of state covering the funds under the control and management of the board. The premium on all bonds shall be paid by the board.~~

The ~~treasurer of state~~ board shall deposit ~~any portion of~~ the funds under the control and management of the board ~~not needed for immediate use in the same manner as state funds are deposited, and subject to all provisions of law with respect to the deposit of state funds, by the treasurer of state, and all~~ in a depository described under section 742.611 of the Revised Code. All interest earned on such funds so deposited shall be collected by the ~~treasurer of state~~ board and placed to the credit of the board.

Sec. 742.611. (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the board of trustees of the Ohio police and fire pension fund under section 742.11 of the Revised Code:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 742.61 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds under the control and management of the board in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds under the control and management of the board in an aggregate amount in excess of thirty per cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system."

In line 4045, strike through "treasurer of state" and insert "state teachers retirement board"

In line 4046, reinsert "of the funds"

In line 4047, delete "funds created under section 3307.14 of the Revised Code"

In line 4048, delete "treasurer of"

In line 4049, delete "state" and insert "board"; strike through "state"

In line 4050, strike through "teachers retirement"

Strike through lines 4054 through 4059

In line 4060, strike through "and kept in"; delete "the secretary of state's"; strike through "office. The governor"

Strike through lines 4061 through 4066

In line 4067, delete "money held in the depository accounts of any entity"

Delete lines 4068 through 4071

In line 4072, delete "be in the custody of the"; strike through "treasurer of state" and insert "board"; reinsert "shall deposit"

In line 4073, reinsert "the funds of the"; delete ". The state teachers retirement"

In line 4076, after "~~all~~" insert "in a depository described under section 3307.122 of the Revised Code. All"

Reinsert line 4077

In line 4078, reinsert "deposited by the"; after "~~state~~" insert "board"; reinsert "shall be collected by"; after "~~himand~~" insert "the board and"

In line 4079, reinsert "placed to the credit of the board"; delete "shall have sole responsibility"

In line 4080, delete "for such depository accounts"

After line 4080, insert:

"**Sec. 3307.122.** (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the state teachers retirement board under section 3307.15 of the Revised Code:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 3307.12 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds of the state teachers retirement system in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds of the system in an aggregate amount in excess of thirty per cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

Sec. 3307.15. (A) The members of the state teachers retirement board shall be the trustees of the funds created by section 3307.14 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

To facilitate investment of the funds, the board may establish a partnership, trust, limited liability company, corporation, including a corporation exempt from taxation under the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as amended, or any other legal entity authorized to transact business in this state.

(B) In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board. In fulfilling this intent, equal consideration shall also be given to investments otherwise qualifying under this section that involve minority owned and controlled firms and firms owned and controlled by women, either alone or in joint venture with other firms.

The board shall adopt, in regular meeting, policies, objectives, or criteria for the operation of the investment program that include asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines. In adopting policies and criteria for the selection of agents with whom the board may contract for the administration of the funds, the board shall comply with sections 3307.152 and 3307.154 of the Revised Code and shall also give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving minority owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the board. Amendments and additions to the policies and criteria shall be adopted in regular meeting. The board shall publish its policies, objectives, and criteria under this provision no less often than annually and shall make copies available to interested parties.

The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

When reporting on the performance of investments, the board shall comply with the performance presentation standards established by the CFA institute.

(C) All bonds, notes, certificates, stocks, or other evidences of investments purchased by the board shall be ~~delivered to the treasurer of state, who~~ held by the board, which is hereby designated as custodian thereof, or ~~to~~ the ~~treasurer of state's~~ board's authorized agent, and the ~~treasurer of state~~ board or the agent shall collect the principal, interest, dividends, and distributions that become due and payable and place them when so collected into the custodial funds. Evidences of title of the investments may be deposited by the ~~treasurer of state~~ board for safekeeping with an authorized agent, selected by the ~~treasurer of state~~board, who is a qualified trustee under section ~~135.18~~ 3307.122 of the Revised Code. The ~~treasurer of state~~ board or the board's authorized agent shall pay for the investments purchased by the board on receipt of written or electronic instructions from the board or the board's designated agent authorizing the purchase and pending receipt of the evidence of title of the investment by the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent. The board may sell investments held by the board, and the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent shall accept payment from the purchaser and deliver evidence of title of the investment to the purchaser on receipt of written or electronic instructions from the board or the board's designated agent authorizing the sale, and pending receipt of the moneys for the investments. The amount received shall be placed into the custodial funds. The board ~~and the treasurer of state~~ may ~~enter into agreements to~~ establish procedures for the purchase and sale of investments under this division and the custody of the investments.

(D) No purchase or sale of any investment shall be made under this section except as authorized by the board.

(E) Any statement of financial position distributed by the board shall include the fair value, as of the statement date, of all investments held by the board under this section.

Sec. 3307.291. The treasurer of each employer, on receipt from the employer of the voucher for deductions from the compensation of teachers and for the contributions of the employer, shall transmit monthly or at such times as the state teachers retirement board designates the amounts specified in such voucher to the secretary of the board. The secretary, after making a record of all such receipts, shall ~~pay them to the treasurer of state~~ deposit the receipts in the appropriate funds created by section 3307.14 of the Revised Code for use according to this chapter.

Sec. 3309.12. The ~~treasurer of state~~ school employees retirement board shall be the custodian of the funds of the school employees retirement system, and all disbursements therefrom shall be paid by the ~~treasurer of state~~ board only upon instruments duly authorized by the ~~school employees retirement~~ board and bearing the signatures of the board; provided, that such instruments may bear the names of the board members printed thereon and the signatures of the president and secretary of the board. The signatures of the president and secretary may be affixed through the use of a mechanical check signing device.

~~The treasurer of state shall give a separate and additional bond in such amount as is fixed by the governor and with sureties selected by the board and approved by the governor, conditioned for the faithful performance of the duties of the treasurer of state as custodian of the funds of the system. Such bonds shall be deposited with the secretary of state and kept in the treasurer of state's office. The governor may require the treasurer of state to give other and additional bonds, as the funds of the system increase, in such amounts and at such times as are fixed by the governor, which additional bonds shall be conditioned, filed, and obtained as is provided for the original bond of the treasurer of state covering the funds of the system. The premium on all bonds shall be paid by the board.~~

The ~~treasurer of state~~ board shall deposit ~~any portion of~~ the funds of the system ~~not needed for immediate use in the same manner as state funds are deposited, and subject to all provisions of law with respect to the deposit of state funds, by the treasurer of state, and all~~ in a depository described under section 3309.121 of the Revised Code. All interest earned by such portion of the retirement funds as may be deposited by the ~~treasurer of state~~ board shall be collected by ~~him~~ the board and placed to the credit of the board.

~~The treasurer of the state shall furnish annually to the school employees retirement system a sworn statement of the amount of the funds in the treasurers' custody belonging to the school employees retirement system.~~

Sec. 3309.121. (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the school employees retirement board under section 3309.15 of the Revised Code:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 3309.12 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds of the school employees retirement system in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds of the system in an aggregate amount in excess of thirty per cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

Sec. 3309.15. (A) The members of the school employees retirement board shall be the trustees of the funds created by section 3309.60 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the school employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

The board may establish a partnership, trust, limited liability company, corporation, including a corporation exempt from taxation under the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C.A. 1, as amended, or any other legal entity authorized to transact business in this state.

(B) In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board. In fulfilling this intent, equal consideration shall also be given to investments otherwise qualifying under this section that involve minority owned and controlled firms and firms owned and controlled by women, either alone or in joint venture with other firms.

The board shall adopt, in regular meeting, policies, objectives, or criteria for the operation of the investment program that include asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines. In adopting policies and criteria for the selection of agents with whom the board may contract for the administration of the funds, the board shall comply with sections 3309.157 and 3309.159 of the Revised Code and shall also give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving minority owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the board. Amendments and additions to the policies and criteria shall be adopted in regular meeting. The board shall publish its policies, objectives, and criteria under this provision no less often than annually and shall make copies available to interested parties.

The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

If the board contracts with a person, including an agent or investment manager, for the management or investment of the funds, the board shall require the person to comply with the global investment performance standards established by the chartered financial analyst institute, or a successor organization, when reporting on the performance of investments.

(C) All evidences of title of investments purchased by the board under this section shall be ~~delivered to the treasurer of state, who~~ held by the board, which is hereby designated as custodian thereof, or ~~to~~ the ~~treasurer of state's~~ board's authorized agent, and the ~~treasurer of state~~ board or the agent shall collect principal, interest, dividends, and distributions that become due and payable and place the same when so collected into the custodial funds. Evidences of title of the investments may be deposited by the ~~treasurer of state~~ board for safekeeping with an authorized agent, selected by the ~~treasurer of state~~board, who is a qualified trustee under section ~~135.18~~ 3309.121 of the Revised Code. The ~~treasurer of state~~ board or the board's authorized agent shall pay for the investments purchased by the board pending receipt of the evidence of title of the investments by the ~~treasurer of state~~ board or ~~to~~ the ~~treasurer of state's~~ board's authorized agent, and on receipt of written or electronic instructions from the board or the board's designated agent authorizing the purchase. The board may sell any investments held by the board, and the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent shall accept payment from the purchaser and deliver evidence of title of the investment to the purchaser on receipt of written or electronic instructions from the board or the board's designated agent authorizing the sale, and pending receipt of the moneys for the investments. The amount received shall be placed into the custodial funds. The board ~~and the treasurer of state~~ may ~~enter into agreements to~~ establish procedures for the purchase and sale of investments under this division and the custody of the investment.

(D) No purchase or sale of any investment shall be made under this section except as authorized by the school employees retirement board.

(E) Any statement of financial position distributed by the board shall include the fair value, as of the statement date, of all investments held by the board under this section.

Sec. 3309.57. Each employer shall transmit monthly or at such times as the school employees retirement board designates the contributions required under this chapter. The school employees retirement system after making a record of all such receipts shall ~~pay them to the treasurer of state~~ deposit the receipts in the appropriate funds created by section 3309.60 of the Revised Code for use according to this chapter."

After line 5838, insert:

"**Sec. 5505.06.** (A) The members of the state highway patrol retirement board shall be the trustees of the funds created by section 5505.03 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

To facilitate investment of the funds, the board may establish a partnership, trust, limited liability company, corporation, including a corporation exempt from taxation under the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as amended, or any other legal entity authorized to transact business in this state.

(B) In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board. In fulfilling this intent, equal consideration shall be given to investments otherwise qualifying under this section that involve minority owned and controlled firms and firms owned and controlled by women, either alone or in joint venture with other firms.

The board shall adopt, in regular meeting, policies, objectives, or criteria for the operation of the investment program that include asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines. In adopting policies and criteria for the selection of agents with whom the board may contract for the administration of the funds, the board shall comply with sections 5505.068 and 5505.0610 of the Revised Code and shall also give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and joint ventures involving minority owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the board. Amendments and additions to the policies and criteria shall be adopted in regular meeting. The board shall publish its policies, objectives, and criteria under this provision no less often than annually and shall make copies available to interested parties.

The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation.

When reporting on the performance of investments, the board shall comply with the performance presentation standards established by the association for investment management and research.

(C) All evidences of title of the investments purchased by the board shall be ~~delivered to the treasurer of state, who~~ held by the board, which is hereby designated as the custodian thereof, or ~~to~~ the ~~treasurer of state's~~ board's authorized agent. Evidences of title of the investments may be deposited by the ~~treasurer of state~~ board for safekeeping with an authorized agent, selected by the ~~treasurer of state~~board, who is a qualified trustee under section ~~135.18~~ 5505.113 of the Revised Code. The ~~treasurer of state~~ board shall collect the principal, interest, dividends, and distributions that become due and payable and, when collected, shall credit them to the custodial funds.

The ~~treasurer of state~~ board or the board's authorized agent shall pay for the investments purchased by the board on receipt of written or electronic instructions from the board or the board's designated agent authorizing the purchase and pending receipt of the evidence of title of the investment by the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent. The board may sell investments held by the board, and the ~~treasurer of state~~ board or the ~~treasurer of state's~~ board's authorized agent shall accept payment from the purchaser and deliver evidence of title of the investment to the purchaser on receipt of written or electronic instructions from the board or the board's designated agent authorizing the sale, and pending receipt of the moneys for the investments. The amount received shall be placed in the custodial funds. The board ~~and the treasurer of state~~ may ~~enter into agreements to~~ establish procedures for the purchase and sale of investments under this division and the custody of the investments.

(D) All of the board's business shall be transacted, all its funds shall be invested, all warrants for money drawn and payments shall be made, and all of its cash, securities, and other property shall be held, in the name of the board or its nominee, provided that nominees are authorized by board resolution for the purpose of facilitating the ownership and transfer of investments.

(E) No purchase or sale of any investment shall be made under this section except as authorized by the board.

(F) Any statement of financial position distributed by the board shall include the fair value, as of the statement date, of all investments held by the board under this section.

Sec. 5505.10. There shall be kept available by the ~~treasurer of state~~ state highway patrol retirement board an amount not exceeding ten per cent of the total assets of the state highway patrol retirement system, on deposit in any bank in this state, organized under the laws of this state or of the United States, or with any trust company incorporated under the laws of this state. Such bank or trust company shall furnish adequate security for said deposit and the sum so deposited in any one bank or trust company shall not exceed twenty-five per cent of the paid-up capital and surplus of said bank or trust company.

Sec. 5505.11. The ~~treasurer of state~~ state highway patrol retirement board shall be the treasurer of the state highway patrol retirement system and the custodian of its funds. All disbursements therefrom shall be made by ~~him~~the board only upon instruments authorized by the ~~state highway patrol retirement~~ board and bearing signatures of the ~~chairman~~chairperson, or ~~vice-chairman~~vice-chairperson in the absence of the ~~chairman~~chairperson, and the secretary of the retirement system. Such instruments may bear the facsimile signature of the ~~chairman~~chairperson of the board. No instrument shall be drawn unless it has been previously authorized by a specific or general resolution adopted by the board.

~~The treasurer of state shall give a separate and additional surety bond satisfactory to the board, for the faithful performance of his duties as treasurer of the retirement system and custodian of its funds. The surety bond shall be in such amount and with such surety as the board determines and shall be deposited with the secretary of state and kept in his office. The premium on the bond shall be paid by the board.~~

The ~~treasurer of state~~ board shall deposit ~~any portion of~~

the funds of the retirement system ~~not needed for immediate use in the same manner as state funds are deposited, and subject to all laws with respect to the deposit of state funds, by the treasurer of state~~in a depository described under section 5505.113 of the Revised Code. All interest earned by such portion of retirement system funds so deposited by the ~~treasurer of state~~ board shall be collected by ~~him~~ the board and credited to the board.

~~The treasurer of state shall furnish annually to the board a sworn statement of the amount of funds in his custody belonging to the retirement system.~~

The fiscal records of the retirement system shall be open to public inspection. Any member shall be furnished with a statement of his accumulated contributions standing to his credit in his individual account in the employees savings fund, upon his written request filed with the board; provided, that the board shall not be required to answer more than one such request of a member in any one year.

Sec. 5505.113. (A) As used in this section, "banking office" has the same meaning as in section 1101.01 of the Revised Code.

(B) Either of the following are qualified to act as trustee for the safekeeping of evidences of title of the investments purchased by the state highway patrol retirement board under section 5505.06 of the Revised Code:

(1) Any federal reserve bank or branch thereof located in this state or federal home loan bank without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by

corporations of trust powers generally;

(2) Any institution that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code.

(C) Subject to division (D) of this section, either of the following are eligible to serve as a depository for purposes of section 5505.11 of the Revised Code:

(1) A national bank, bank doing business under authority granted by the superintendent of financial institutions, or bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state;

(2) A federal savings association or savings and loan association or savings bank doing business under authority granted by the regulatory authority of another state of the United States that has a banking office located in this state.

(D)(1) For purposes of division (C)(1) of this section, no bank shall receive or have on deposit at any one time the funds of the state highway patrol retirement system in an aggregate amount in excess of thirty per cent of the bank's total assets, as shown in its latest report to the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system.

(2) For purposes of division (C)(2) of this section, no savings association, savings and loan association, or savings bank shall receive or have on deposit at any one time the funds of the system in an aggregate amount in excess of thirty per

cent of the savings association's, savings and loan association's, or savings bank's total assets, as shown in its latest report to the former office of thrift supervision, the comptroller of the currency, the superintendent of financial institutions, the federal deposit insurance corporation, or the board of governors of the federal reserve system."

In line 6690, after "135.451" insert ", 145.11, 145.14, 145.26, 145.47, 148.02"; after "164.09" insert ", 171.05"

In line 6691, after "323.611" insert ", 742.11, 742.32, 742.3712, 742.41, 742.47, 742.61"

In line 6692, after "3307.12" insert ", 3307.15, 3307.291, 3309.12, 3309.15, 3309.57"

In line 6693, after "4705.10" insert ", 5505.06, 5505.10, 5505.11"

After line 6697, insert:

"**Section 4.** That sections 742.361, 742.362, 742.374, and 3307.121 of the Revised Code are hereby repealed.

Section 5. The following take effect on July 1, 2027:

(A) Sections 145.11, 145.14, 145.26, 145.47, 148.02, 171.05, 742.11, 742.32, 742.3712, 742.41, 742.47, 742.61, 3307.12, 3307.15, 3307.291, 3309.12, 3309.15, 3309.57, 5505.06, 5505.10, and 5505.11 of the Revised Code, as amended by this act;

(B) Sections 145.261, 148.03, 171.07, 171.08, 742.611, 3307.122, 3309.121, and 5505.113 of the Revised Code, as enacted by this act;

(C) Section 4 of this act."

In line 6698, delete "**4**" and insert "**6**"

The motion was __________ agreed to.

<u>SYNOPSIS</u>

State retirement system funds and investments

R.C. 145.11, 145.14, 145.26, 145.261, 145.47, 742.11, 742.32, 742.41, 742.47, 742.61, 742.611, 3307.12, 3307.121 (repealed), 3307.122, 3307.15, 3307.291, 3309.12, 3309.121, 3309.15, 3309.57, 5505.06, 5505.10, 5505.11, and 5505.113; Sections 4 and 5

Transfers both of the following on July 1, 2027:

--The custodial responsibilities over each state retirement system's funds and investments from the Treasurer of State to each state retirement board.

--All other duties placed on the Treasurer of State regarding each system's funds and investments from the Treasurer of State to each board.

Requires, beginning on that date, each board to deposit the system's funds only in certain financial institutions, and limits the amount of system funds each institution may have on deposit at any one time.

Authorizes, beginning on that date, each board to deposit for safekeeping the evidences of title of the investments purchased by the board only with certain financial institutions.

Eliminates, beginning July 1, 2027, the Treasurer of State's duty to deposit each system's funds not needed for immediate use in the same manner as state funds and to collect and deposit interest on them to the board's credit (this change currently applies under the bill to the State Teachers Retirement System (STRS)).

Eliminates, beginning July 1, 2027, the Treasurer of State's duty to do both of the following with respect to each system's funds:

--Give a bond conditioned for faithfully performing the custodial duties regarding the system's funds.

--Furnish annually to each board a statement of the amount of system funds in the Treasurer of State's custody.

Ohio Police and Fire Pension Fund

R.C. 742.3712; and R.C. 742.361, 742.362, and 742.374, all repealed; Sections 4 and 5

Eliminates, beginning July 1, 2027, the Treasurer of State's duty to pay to the Ohio Police and Fire Pension Fund amounts needed to cover the cost of making additional payments to certain benefit recipients and amounts needed to cover part of the cost for a member to purchase military service credit.

State Teachers Retirement System funds

R.C. 3307.12

Removes from the bill the following proposed changes regarding STRS funds:

--Transferring responsibility over the funds held in a depository account of any entity established by the STRS Board for investment purposes from the Treasurer of State to the Board;

--Expressly making the funds described above not public moneys or public deposits for purposes of the Uniform Depository

Act and the law governing the Treasurer of State's duties with respect to state funds.

Ohio Retirement Study Council funds

R.C. 171.05, 171.07, and 171.08; Section 5

Does all of the following beginning July 1, 2027:

--Creates the Ohio Retirement Study Council Fund into which money received from the state retirement systems to cover the Council's expenses must be deposited.

--Transfers the custodial responsibilities over the Council's funds from the Treasurer of State to the Council.

--Requires the Council to deposit the Council's funds only in certain financial institutions, and limits the amount of funds each institution may have on deposit at any one time.

Ohio Public Employees Deferred Compensation Program funds

R.C. 148.02 and 148.03; Section 5

Does both of the following beginning July 1, 2027:

--Transfers the custodial responsibilities over the funds of the Ohio Public Employees Deferred Compensation Receiving Account from the Treasurer of State to the Public Employees Retirement Board;

--Requires the Board to deposit the funds only in certain financial institutions, and limits the amount of funds each institution may have on deposit at any one time.