

**Trustees of funds; investment of funds.**

Sec. 5505.06. (A) The members of the state highway patrol \*\*\* retirement board shall be the trustees of the funds \*\*\* of the state highway patrol retirement system, and \*\*\* the board \*\*\* shall have full power to invest and reinvest such funds \*\*\*:

(1) In bonds of the United States, \*\*\* this state, \*\*\* or in debentures the principal and interest of which are guaranteed in full by the United States government or this state;

(2) In bonds, notes, and certificates of indebtedness, and other obligations of the state, of any county, township, municipal corporation, school district, conservancy district, or sanitary district of the state, or any other legally constituted taxing or bond

issuing authority, subdivision, or municipal corporation within the state;

(3) In revenue bonds issued by a taxing subdivision of the state;

(4) In shares and certificates or other evidences of deposits issued by a state chartered building and loan association organized under the laws of the state (but only to the extent that said shares, certificates or other evidences of deposits are insured under the "National Housing Act" and the amendments thereto);

(5) In obligations consisting of notes, bonds or debentures which are direct obligations of a corporation engaged directly and primarily in the production, transportation, distribution, or sale, of electricity or gas, or the operation of telephone or telegraph systems or water works, or any combination of them; provided the obligor corporation is incorporated under the laws of the United States, or any state, or the District of Columbia; and provided that the said obligations shall, at the time of purchase, be rated in the highest or next highest classification established by at least two standard rating services selected from a list of standard rating services which shall be furnished by the superintendent of banks;

(6) In stocks, preferred or common, issued or guaranteed by a corporation created or existing under the laws of the United States or any state, district or territory thereof; provided that:

(a) For a period of five fiscal years for which the necessary statistical data are available next preceding the date of investment, such corporation, as disclosed by its published fiscal annual statements, has had an average annual net income plus its average annual fixed charges at least equal to one and one-half times the sum of its average annual dividend requirement for preferred stock and its average annual fixed charges for the same period; however, during neither of the last two years of such period shall the sum of its annual net income and its annual fixed charges be less than one and one-half times the sum of its dividend requirements for preferred stock and its fixed charges for the same period (as used in this paragraph "fixed charges" means interest on funded or unfunded debt, contingent interest charges, amortization of debt discount and expense and rentals for leased property and, in the case of consolidated earnings statements of parent and subsidiary corporations shall include all fixed charges and preferred dividend requirement, if any, of the subsidiaries);

(b) Such corporation has no arrears of dividends on its preferred stock;

(c) Such common stock is registered on a national securities exchange as provided in the "Federal Securities Exchange Act of

1934," 48 Stat. 881, 15 U. S. C. A. 77b, as amended, but such registration shall not be required of the following stocks:

(i) The common stock of a bank which is a member of the federal deposit insurance corporation and has capital funds, represented by capital, surplus and undivided profits, of at least twenty million dollars;

(ii) The common stock of a life insurance company which has capital funds, represented by capital, special surplus funds and unassigned surplus, of at least fifty million dollars;

(iii) The common stock of a fire or casualty insurance company or combination thereof, which has capital funds, represented by capital, net surplus and voluntary reserves, of at least fifty million dollars;

(d) The preferred stock of such corporation, if any be outstanding, qualifies for investment under this division;

(e) Such corporation, having no preferred stock outstanding, has had earnings for the five fiscal years next preceding the date of investment of at least twice the interest of all mortgages, bonds, debentures, and funded debts, if any, after deduction of the proper charges for replacements, depreciation, and obsolescence;

(f) Such corporation has paid a cash dividend on its common stock in each year of the ten year period next preceding the date of investment and the net earnings available for dividends on the common stock of such corporation for the whole of such period has been at least equal to the amount of such dividends paid;

(g) In applying the earnings test under this division to any issuing, assuming, or guaranteeing corporation, where such corporation has acquired its property or any substantial part thereof within a five year period immediately preceding the date of investment by consolidation, merger, or by the purchase of all or a substantial portion of the property of any other corporation or corporations, or has acquired the assets of any unincorporated business enterprise by purchase or otherwise, net income, fixed charges and preferred dividends of the several predecessor or constituent corporations or enterprises shall be consolidated and adjusted so as to ascertain whether or not the applicable requirements of this section have been complied with;

(h) The total value of common and preferred stocks does not exceed fifteen per cent of the total value of all funds described in section 5505.03 of the Revised Code; provided further:

(i) Not more than one and one-half per cent of the total value of such funds is invested in the common stock of a single corporation;

(ii) The total number of common shares held in a single

corporation does not exceed ten per cent of the issued and outstanding common stock of such corporation;

(iii) Not more than two per cent of the total value of such funds is invested in common stocks during any calendar year;

(iv) As used in division (A) (6) (h) of this section, "value" consists of cash, the par value or unpaid balance of all unmatured or unpaid investments requiring the payment of a fixed amount at payment date, and the cost price of all other investments;

(7) In bonds, secured or unsecured, or other certificate of senior indebtedness issued by a corporation whose stocks, preferred or common, would be eligible for purchase by the board under division (A) (6) of this section.

(B) All investments shall be purchased at current market prices \*\*\* and the instruments of title of such investments shall be placed in the hands of the treasurer of state, who is hereby designated as the custodian thereof. The treasurer of state shall collect the principal and the interest thereon as the same becomes due and payable and \*\*\* when collected \*\*\* shall credit same to the retirement system.

(C) The treasurer of state shall honor and pay all vouchers drawn on the \*\*\* funds of the retirement system for \*\*\* payment \*\*\* of such \*\*\* investments upon delivery \*\*\* to him \*\*\* of the instruments of title of such investments when there is attached to such \*\*\* vouchers a certified copy of \*\*\* a resolution of the board authorizing the purchase of \*\*\* such investments. The board may sell any of said \*\*\* investments upon like resolution, and the proceeds thereof shall be paid by the purchaser to the treasurer of state upon delivery to him of \*\*\* the instruments of title of such investments by the treasurer of state \*\*\*. When paid, said proceeds shall be credited to the \*\*\* retirement system. (Amended in Amended House Bill No. 840)