

Board Votes to Refinance Bond Debt

The Board voted unanimously at its September 8 meeting to proceed with refunding revenue bonds to take advantage of reduced interest rates.

When the Ohio General Assembly created the Petroleum Financial Assurance Fund, it inserted provisions in the Ohio Revised Code that gave the Board authority to issue bonds. This was done in anticipation that Fund expenses would be greater in earlier years than in later years, and selling bonds would enable the Board to generate additional revenue to pay higher claim costs in those earlier years before sufficient tank fees could be collected.

The Board sold bonds of \$30,000,000 in 1993 and \$35,000,000 in 1998. After discussing matters with financial advisors, the Board determined that it could generate a savings by refinancing the bonds sold in 1993. Refinancing basically involves issuing new bonds at an amount that will be sufficient to call or buy back the 1993 bonds and pay all legal and professional costs associated with the transaction. This does not add any additional debt and does not extend the present debt. The maturity dates for the new bonds will be the same as the maturity dates of the original issuance; i.e., August 15, 2008.

The interest payment on the 1993 bonds is currently 6.75%. Given current reduced interest rates the anticipated savings from refunding, over the next four years, is expected to range between \$350,000 to \$500,000 (after reductions for issuance costs). The ultimate savings will depend upon the final interest rate on the day of sale. The Board also looked at refinancing the 1998 bonds, but at this time a savings would not be produced.

The Board expects that refinancing will be finalized in mid to late September.



Proposed BUSTR Rule Revision Schedule

Thursday, September 30, 2004	Rule Revisions Filed with JCARR
Thursday, November 4, 2004 9:00 AM	Public Hearing at the Office of the State Fire Marshal, 8895 East Main St., Reynoldsburg, OH
Monday, November 22, 2004	JCARR Hearing, Statehouse Hearing Room 121
Saturday, January 1, 2005	Effective Date of Rule Revisions

