

\*\*\* DRAFT - NOT YET FILED \*\*\*

1301:1-3-06

**Revenue bonds.**

(A) Within the meaning of division (A)(7) of section 1109.32 of the Revised Code, revenue bonds rated as investment grade by an established investment rating service (such investment rating service must be prescribed and certified by the superintendent pursuant to division ~~(P)~~(A) of section 2109.37 of the Revised Code) at the time of acquisition are eligible bank investments. It is understood that such ratings indicate the presence of protection for both principal and interest through satisfactory basic credit factors as follows:

- (1) Assessed valuations; tax rates; tax collections; specific pledged revenues, with projections if available; operating expenses chargeable to revenues; net revenues available for debt service; nature of revenue lien; restrictions against excessive additional revenue bonds; necessity of project; competitive facilities legal authority for the revenue issue; economic status of political subdivision; and population, including growth trend.
- (2) Absence of a rating shall not of itself render a security ineligible. Non-rated general obligations and revenue issues of quality but limited in size which possess the factors present in rated issues to a satisfactory and equivalent degree shall be regarded as eligible.

(B) In addition to the above prescribed requirements, in order to qualify as an eligible investment, the revenue bond must conform to the following requirements:

- (1) The obligation must be current as to payment of principal and interest at the time of purchase, and the issue of which the obligation is a part in either original or refunded form, shall not have been in default as to the payment of either principal or interest for a period more than ninety days in the five years immediately preceding the date of purchase.
- (2) When the obligation is issued under a trust agreement, the trustee must be a properly qualified trust company or bank doing a trust business.

Effective:

Five Year Review (FYR) Dates:

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Certification

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Date

Promulgated Under:	119.03
Statutory Authority:	1121.03
Rule Amplifies:	1109.32
Prior Effective Dates:	2/18/02, 4/29/81