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Fuel Budgeting Program Guide

The Indiana Bond Bank (IBB) Fuel Budgeting Program provides local governmental units with a tool to protect your fuel budget against price volatility.

Eligibility

Eligibility Requirements

The Fuel Budgeting Program is available to the State of Indiana, cities, towns, school corporations, townships, libraries, counties, and other local governmental units that meet the definition of a Qualified Entity, as defined under IC 5-1.5-1-8.

Program Highlights

- Offers options for both diesel and unleaded gasoline
- Continue to purchase fuel from your current vendors
- Hedged amount can be customized for each month to align with seasonal fuel consumption needs
- No need to keep receipts or report consumption

Program Participation Fee

Price is fixed at 15 cents per gallon hedged. Efficiencies and economies of scale are gained by pooling with other participating entities.

Application Approval

Review Process

Fuel Budgeting Program applications are reviewed by the Indiana Bond Bank fuel budgeting team. The fuel budgeting legal team will prepare the necessary resolution(s) for approval by your legislative body (e.g., Common Council, School Board of Trustees, County Commissioners/Council)

Legal Approval

Legal counsel for the Bond Bank will send approving resolutions to the entity and local counsel for approval. Upon receipt of the resolution, the entity will need to adopt and provide an executed copy to the Bond Bank. The resolution authorizes:

- Approval of the form of “Qualified Entity Reimbursement Agreement” (QERA), which is the legal agreement between the IBB and participant
- Officers of the entity to execute and deliver the QERA and related certificates to the Bond Bank

Closing Process

- Once participants have completed their approvals, the Bond Bank will coordinate the setting of the hedge (closing date)
- Legal counsel for the Bond Bank will provide each entity with forms of the closing certificates to be signed by the local officials and local counsel, along with the final "QERA"
- On the closing date, prices are confirmed, and participating entities and the IBB will be secured under the "QERA"
- After closing, legal counsel for the IBB will provide participating entities with a completed transcript of documents
- The Bond Bank will send an invoice to pay the participation fee of 15 cents per gallon in the program. All payments are made to the Bond Bank paying agent.

Payments and Prepayments

Monthly Settlement

Hedge is settled by the Bond Bank monthly. The entity will be sent a payment from the program paying agent if the cap is breached.

Payment Method

The participation fee can be paid by ACH, wire or check to the Bond Bank paying agent.

Participation Process

Timing and Deadlines

Applications are typically needed by late October to early November, and the hedge is usually established in early December. For details on application deadlines in each year, please visit https://www.inbondbank.com/services/budget-risk-management/ or contact the IBB via email at bondbank@inbondbank.com.

Steps to Participate

The Fuel Budgeting program application packet contains step-by-step instructions for participation, which includes completing a credit application and obtaining necessary local approvals.

To receive a Fuel Budgeting packet or ask questions, please contact fuel@inbondbank.com. An application can be downloaded at https://www.inbondbank.com/services/budget-risk-management/ .

Additional Questions

If you have additional questions about the program, please contact the Bond Bank at bondbank@inbondbank.com , or submit a question through the website at https://inbondbank.com/contact.