

ROBERT SPRAGUE

— OHIO TREASURER —



Ohio GFOA

Ohio Treasurer of State Programs

TRUSTED STEWARDSHIP • WISE INVESTMENT • BOLD INNOVATION

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Treasurer of State Programs

- **STAROhio**
 - (starohio.tos.ohio.gov)
- **Ohio Market Access Program (OMAP)**
 - (omap.ohio.gov)
- **Ohio Pooled Collateral System (OPCS)**
 - (opcs.ohio.gov)



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An investment pool that allows government subdivisions—from municipalities to school districts—to invest in high-grade, short-term securities, while offering safety, penalty-free liquidity and comparatively higher yields.

- Maintained S&P's highest rating of AAAm since 1995.



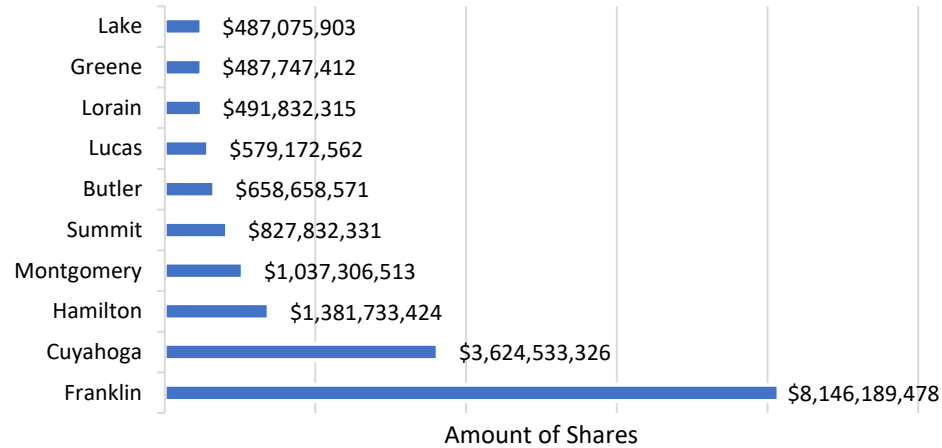
STAR Ohio Fiscal Numbers

(as of August 30, 2024)

Assets	\$26.4 Billion
Yield (daily simple yield)	5.43%
Participants	2,049
Net Income Distributed (last 12-months)	\$1.27 billion
Net Income Distributed (since 2019)	\$2.69 billion

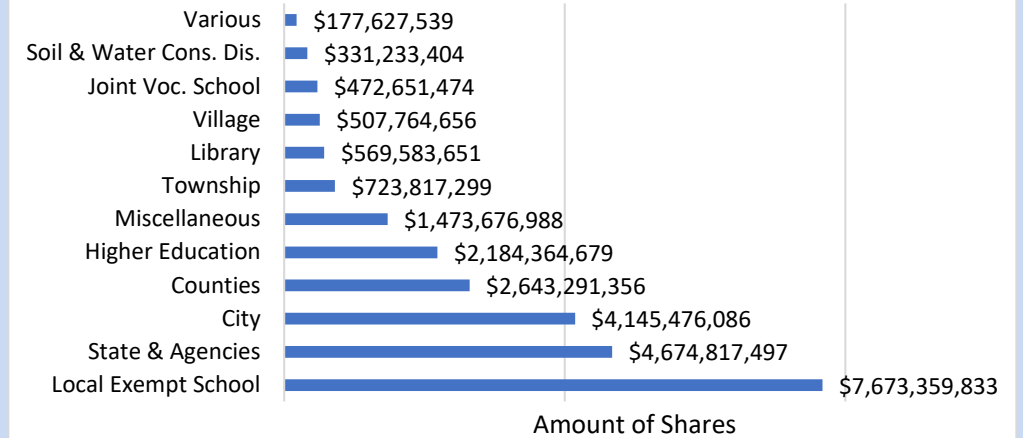


Top Ten Counties by Share Ownership

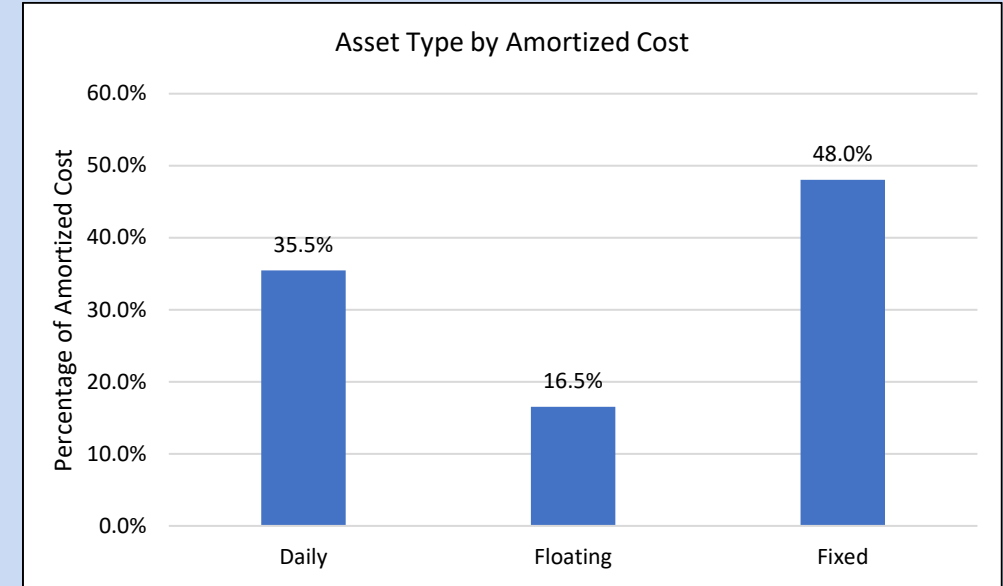
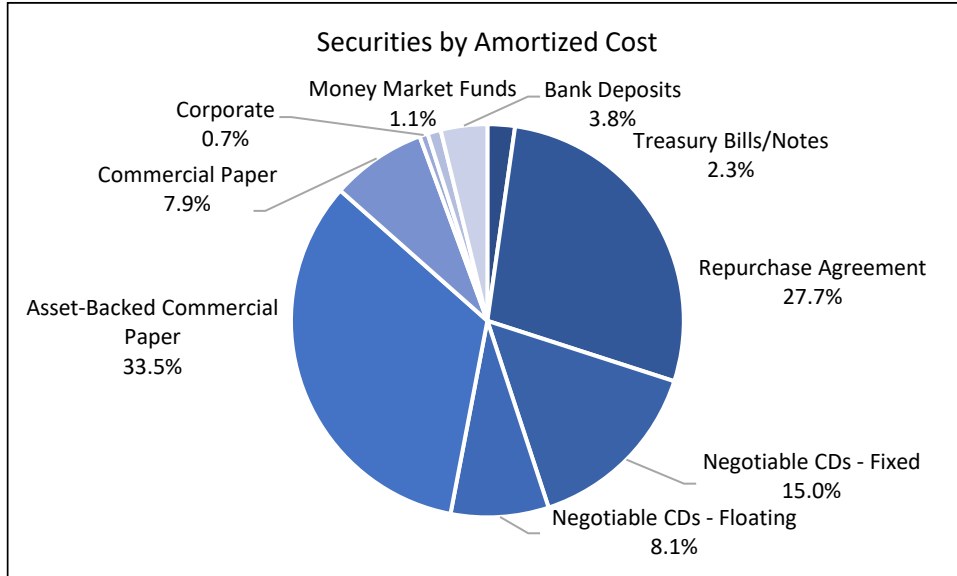


- All 88 counties have at least one participant investing in STAR Ohio.

Participant Type by Share Ownership



- Assets STAR Ohio Participants include educational institutions, cities, townships and counties.

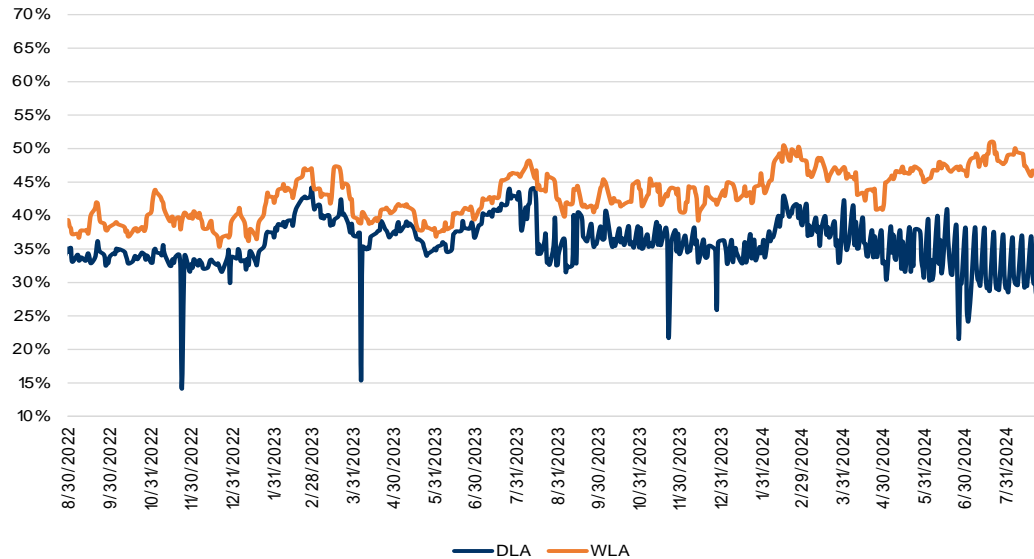


- Securities are high quality with approximately 60% to 65% of the assets in the highest rated category of A-1+ or are A-1 and mature within five days.

- Assets have a mix of fixed and floating rates to assist with capturing market rate movements, improving income generation consistency.

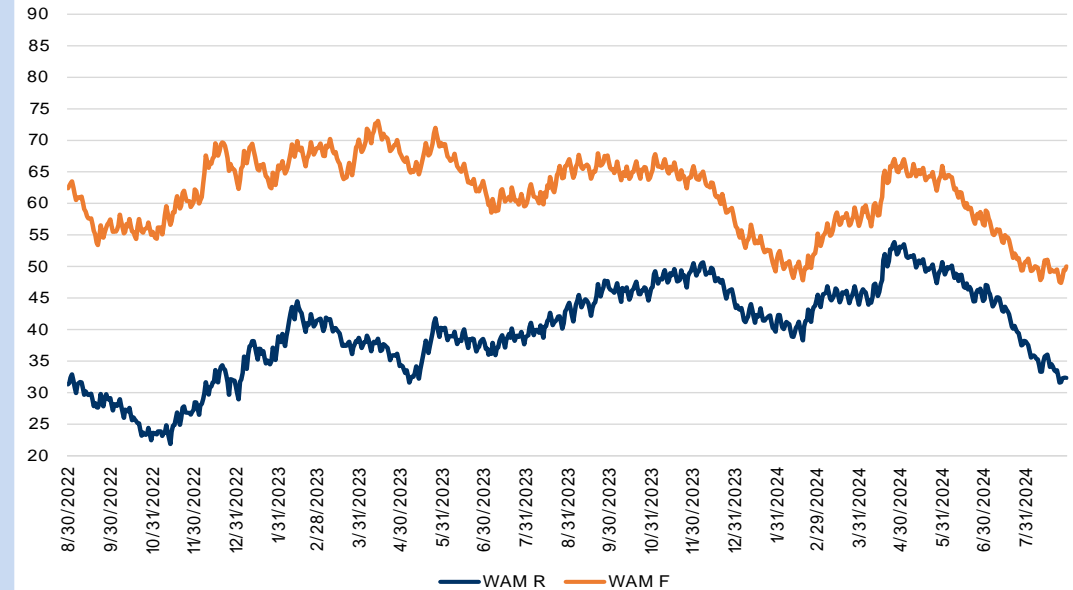


Daily and Weekly Liquidity



- Highly liquid fund.
- Typically, 30% - 40% of the fund matures daily.

WAM R and WAM F



- Weighted average maturity (WAM F) ranged between 47 days and 73 days over the last 12-months.
- The variable rate portion of the fund (WAM R) lowers the average maturity to the reset rate to between 28 days and 54 days.



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A credit enhancement program that lowers borrowing costs on short-term notes issued by Ohio schools, cities, and other local governments.

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Ohio Market Access Program (OMAP)



**Credit enhancement
that leverages the
State's liquidity portfolio**

STANDARD
& POOR'S

SP-1+

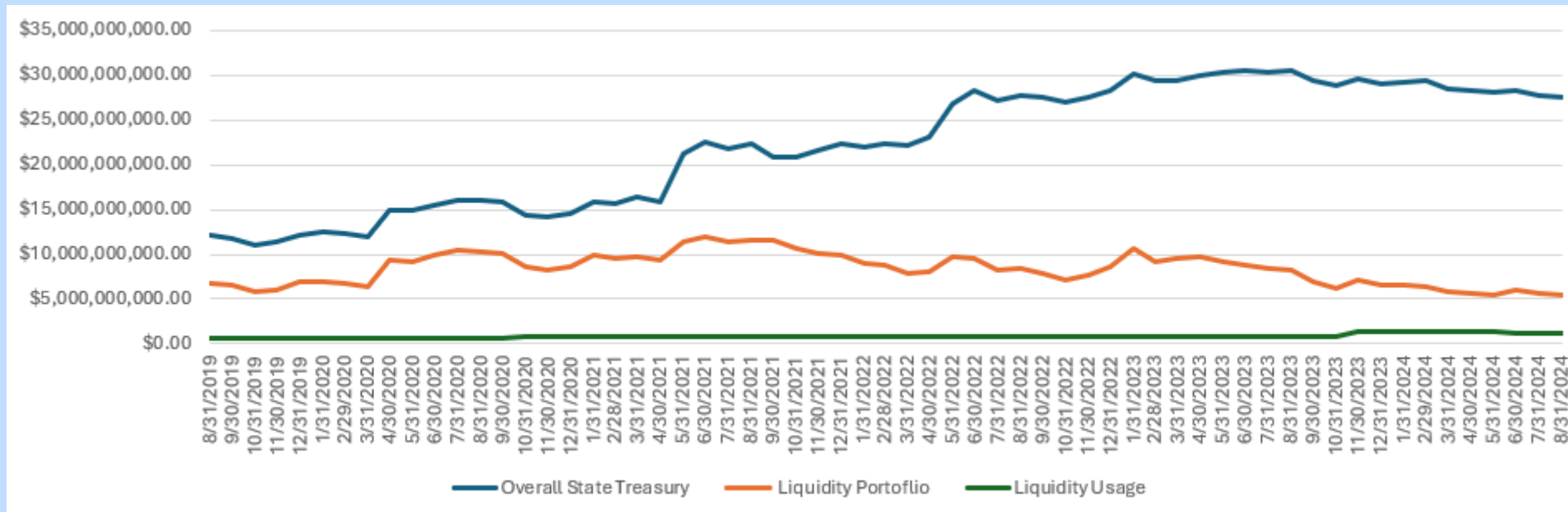
**Standard & Poor's
has assigned a SP-1+ rating
to the program**



**All Ohio political
subdivisions and special
districts are eligible to
participate**



Five Year Rolling State Treasury Balances





OMAP Ratings Benefit



Improved Marketability

- Investors are familiar with OMAP credit



Streamlined Process

- TOS coordinates with Rating Agency



Benefit to communities of any financial standing regardless of underlying credit rating



How Does OMAP Work?



Submit Application



**Review Process & Approval
by OMAP Committee**



S&P Rating



Pricing



State Signs SNPA





OMAP Eligibility Requirements

- **Obligations issued under R.C. Chapter 133 or Section 12 of Article XVIII of the Ohio Constitution.**
- **General Obligation Pledge or Electric System Revenues**
- **Not on Auditor of State's list of "Unauditable Entities"**
- **Not in a state of fiscal distress**
- **Investment grade rating from TOS credit evaluation**





OMAP Eligibility Requirements

- **Inside millage capacity sufficient to renew notes**
- **Positive General Fund balance**
- **Stable and capable financial management**
- **No questionable, unethical or fraudulent conduct**
- **School District**
 - No loans outstanding that were entered into as a result of an operating deficit



OMAP Participation



**Pre-negotiated
Ratings Fee**

**OMAP
Participation
Fee Based on Par**



**Cost/Benefit
Analysis**





OMAP Deals

323 TOTAL DEALS

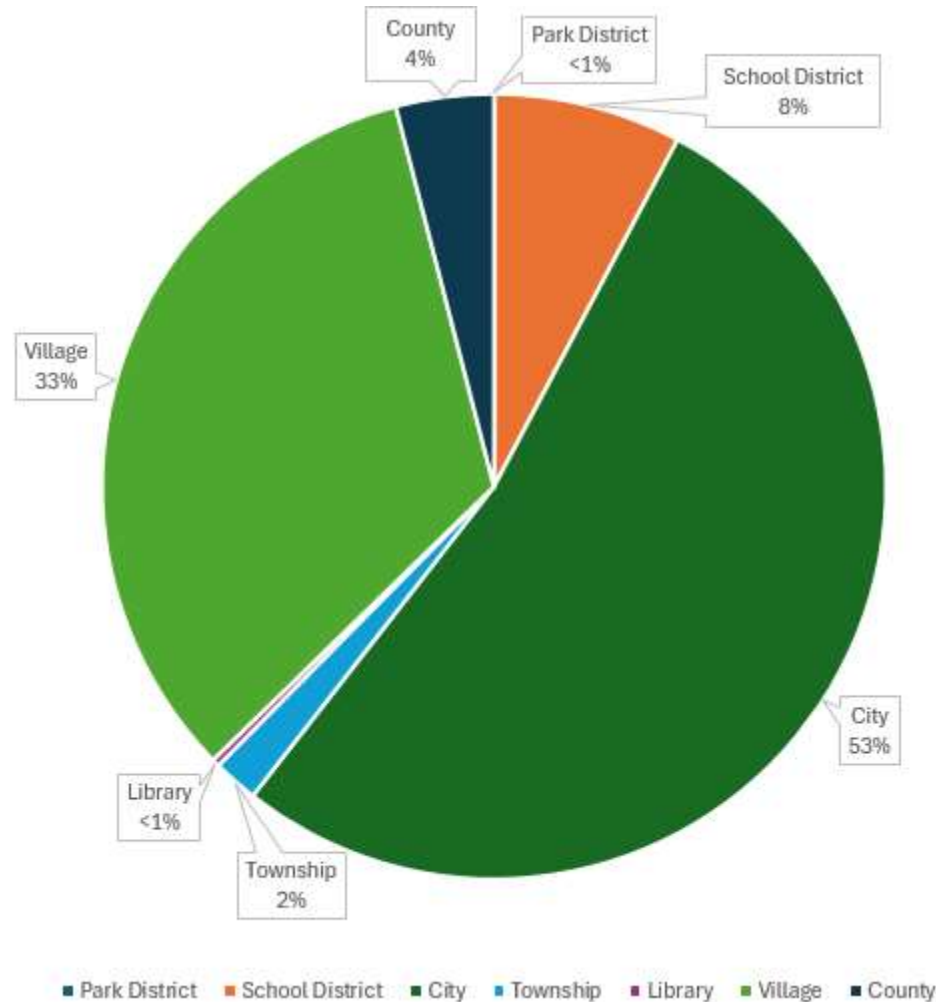
● City/County/Township/Village	296
● School District	25
● Public Library	1
● Park District	1

TOTAL DEALS PER COUNTY

● 1-4	● 10-19
● 5-9	● 20+



OMAP Participation by Municipality Type as of 8/31/2024

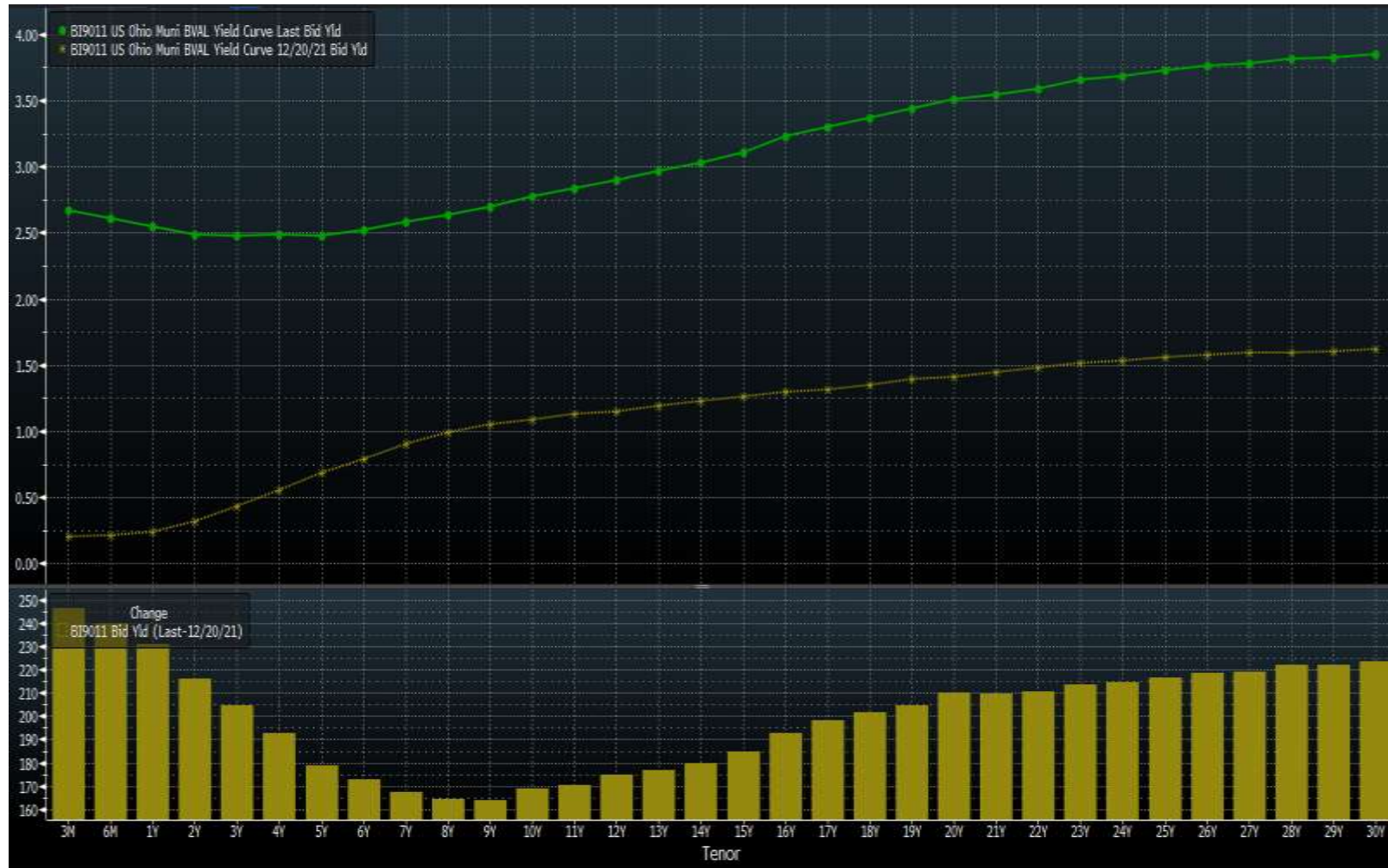




Credit Analysis

- **Outline projects**
- **Governmental and Business-type Activity fund balances**
- **Moody's methodology**
 - Economic Factors – MHI, full value per capita, GDP
 - Financial Ratios – fund balances & cash as a percent of revenue
 - Debt Ratios – compare debt to revenues
- **Other current or fiscal issues**





- Ohio municipal rates December 2021 to September 2024
- Increase of 230 bps (2.3%) for 1-year maturity
- For a \$5,000,000 note, that's an increase of \$115,000 in interest costs
- OMAP saves participants an average of 26% in interest costs, which translates into a reduction of almost 30,000 to this incremental cost of borrowing due to rising interest rates



Bedford City School District



Tax-Exempt GO BANs (6/25/2024)

- **\$12,000,000 New Money**

Internal Credit Score: A2

\$29,424.66 savings generated

- **Yield of 3.80%**
- **Estimated unenhanced yield of 4.05%**



OMAP Stats as of August 31, 2024

323
Notes Enhanced

323

26%

26%
Average Savings

\$6.3 MILLION
Interest Cost Savings

\$6.3M

\$1.6B

Over \$1.6 BILLION
In Par





Ohio Pooled Collateral System

OPCS Overview

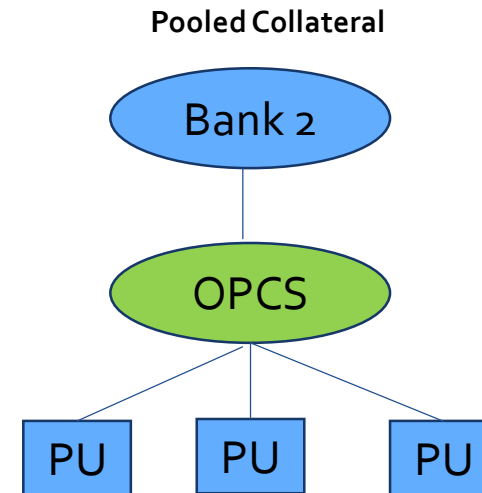
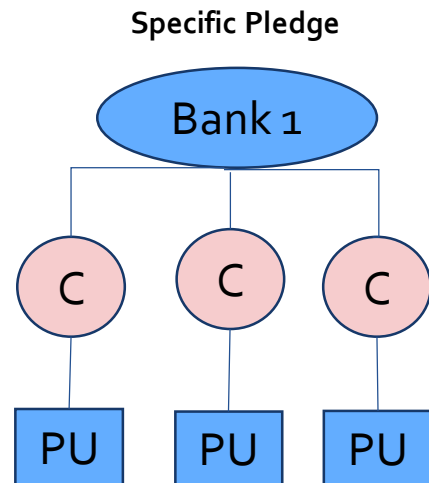
- Ohio Pooled Collateral System (OPCS) enables banks to pool collateral for Ohio Public Unit (PU) deposits through a program developed and administered through the Treasurer of State (TOS).
- TOS maintains OPCS, an online portal, for use by TOS, Banks, Public Units, Collateral Trustees, and Auditors.
- OPCS enhances collateral oversight and transparency: Every bank. Every account. Every day.
- OPCS is governed by ORC section 135.182 and was launched on July 1, 2017.
- Currently OPCS has 59 participating banks (FIs) with over \$17 billion in deposits and \$19 billion of collateral.



FI Collateral Options

Bank holding Ohio public deposits must choose only one of these two collateral options for all their PUs:

- 1) Individually collateralize all Ohio public deposits at a minimum of 105% via the specific pledge method, or
- 2) Participate in OPCS to pool collateral at 102%, or at rate set by TOS in rule.



OPCS – Optional Reduced Collateral Floor

- FIs that apply for and are approved for a reduced collateral floor by meeting the application requirements will be granted a reduced collateral floor of 50%.
- FIs that apply for and are not approved for a reduced collateral floor will remain at 102%.
- FIs that do not apply for a reduced collateral floor will remain at 102%.
- TOS monitors ongoing appropriateness of an FI's reduced collateral floor through Bank Monitoring and Economic Monitoring
- OPCS currently has a 35% Economic Monitoring Collateral increase in place for reduced collateral FIs.



OPCS – Collateral Sufficiency Analysis

- FIs collateralize based on expected deposit balances. At the end of every business day, FIs should have enough collateral pledged (by %) to cover all uninsured PU deposits.
- Occasionally, unexpected PU deposits after collateral positions are closed for the day or collateral market value fluctuations result in collateral deficiencies.
- Daily OPCS identifies when a FI's prior day PU's uninsured deposits balances exceed collateral pledged.
- When an OPCS FI is deficient: 1) a case is opened, 2) the FI is contacted by TOS, 3) if the deficiency is "true" the PU is notified, 4) the FI pledges additional collateral, and 5) TOS confirms the deficiency is resolved and closes the case which also generates a notification to the PU.
- FIs have up to two business days to resolve deficiencies.



OPCS – PU System-Generated Notifications

- Each PU should navigate to the “Settings” page in OPCS, review all the “Email Notification” types, and ensure that each Email Notification type the PU wishes to receive is toggled-on.
- At a minimum, the PU profile should be set to receive both email and in-system notifications for four situations: 1) Notify PU of Deficiency; 2) Notify PU of Deficiency Remediation; 3) PU Attestation Kickoff; and 4) PU Attestation Reminder to Attest.
- If a PU has optionally selected to receive the “Sufficiency Email Notification” type, the PU must also be sure to toggle-on the “FI Daily Sufficiency Opt-In” under the “Global Notifications”. This will trigger OPCS to send an email for that specific notification type to all users registered for that Portfolio/Tax ID.



OPCS – PU Guidelines

- Make sure all its accounts are accurately reported by its FI(s).
- Ensure its accounts are collateralized at the percentage(s) negotiated with the FI.
- Keep PU contact information up-to-date with the FI and ensure the contact information is being transmitted accurately in the FI's daily file to OPCS. The PU should contact its FI directly to make corrections.
- Make sure that the appropriate and proper number of staff have access to OPCS for daily view and performance of the above best practices.
- Provide its FI advance notice when the PU expects a large increase in its account balance.
- Perform an annual attestation in OPCS. This attestation requires the PU to confirm account details including deposit balances and collateralization percentages as of the selected date, as well as PU contact information.



Questions?



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