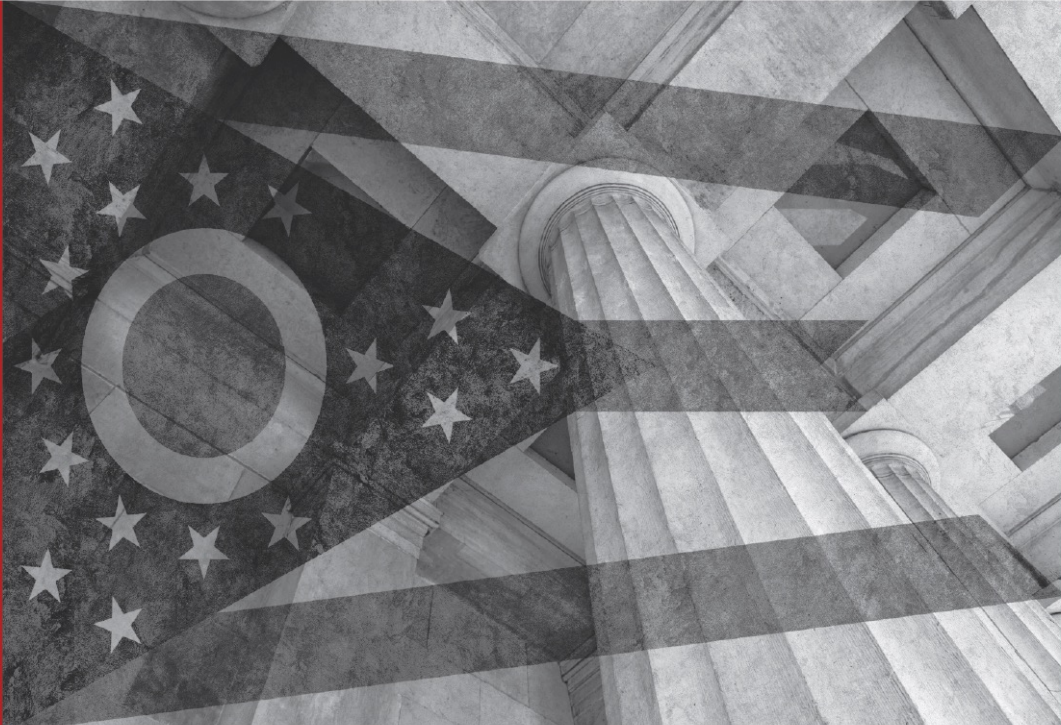


# ROBERT SPRAGUE

OHIO TREASURER



## Ohio Treasurer's Programs

2023 Ohio GFOA Conference

October 11, 2023

TRUSTED STEWARDSHIP • WISE INVESTMENT • BOLD INNOVATION

[OHIOTREASURER.GOV](https://ohiotreasurer.gov)

OHIO TREASURER OF STATE

# Today's Speakers

**Scott Adams**

Director of Investments

**Katie O'Brien**

Finance Manager

**Walt Myers**

Director of Trust



# OHIO TREASURER'S OFFICE (TOS)

## MISSION STATEMENT

---

- To be trusted stewards of Ohio's Treasury, wise investors in Ohio's future, and bold innovators committed to improving people lives.



# Ohio Treasurer's Programs



# ROBERT SPRAGUE

OHIO TREASURER



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.

TRUSTED STEWARDSHIP • WISE INVESTMENT • BOLD INNOVATION

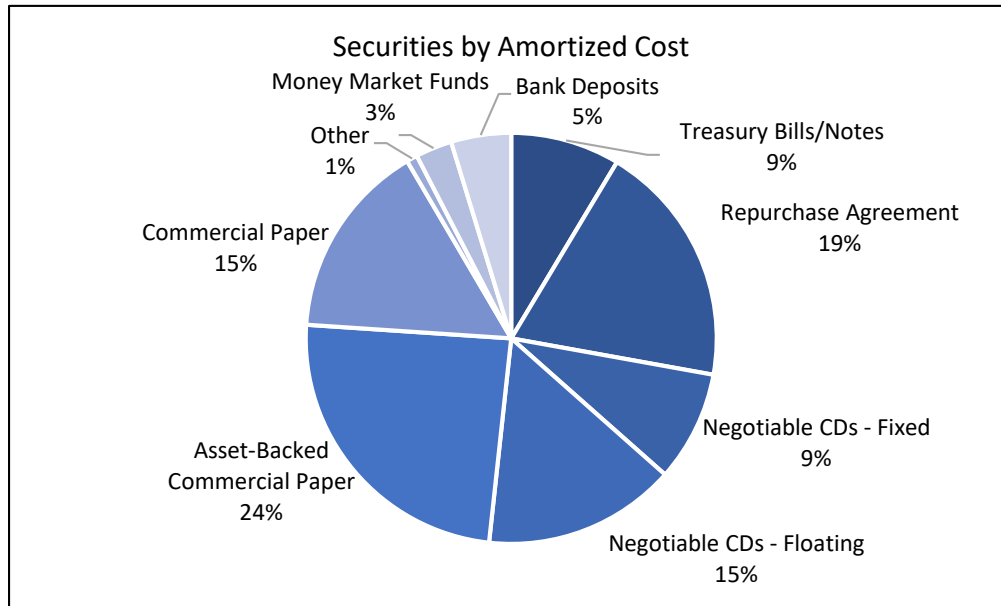
[OHIOTREASURER.GOV](http://OHIOTREASURER.GOV)

# STAR Ohio Fiscal Numbers

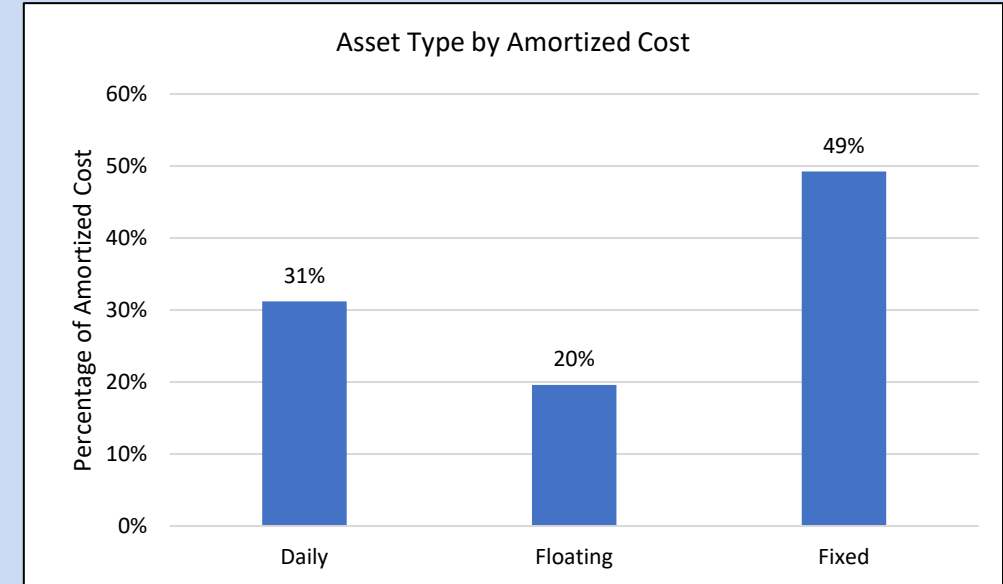
(as of August 31, 2023)

Assets	<b>\$23 Billion</b>
Yield	<b>5.52%</b> (daily simple yield)
Number of Accounts	<b>3,056</b>
Net Income Distributed (last 12 months)	<b>\$914 Million</b>
Net Income Distributed (since 2019)	<b>\$1.415 Billion</b>



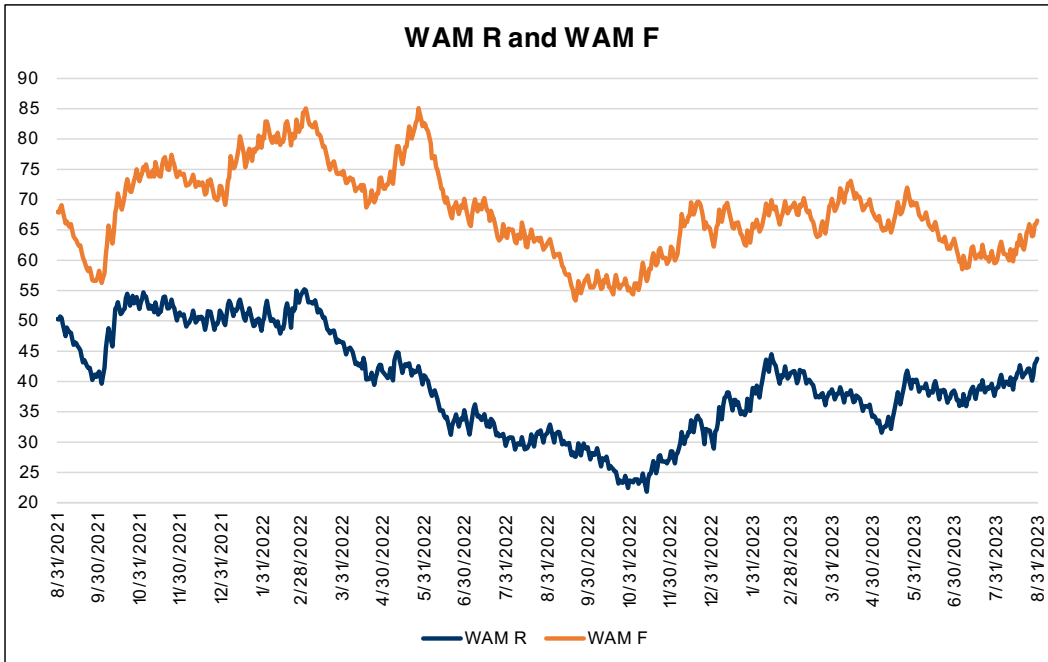


Securities are high quality with approximately 60% to 65% of the assets in the highest rated category of A-1+.



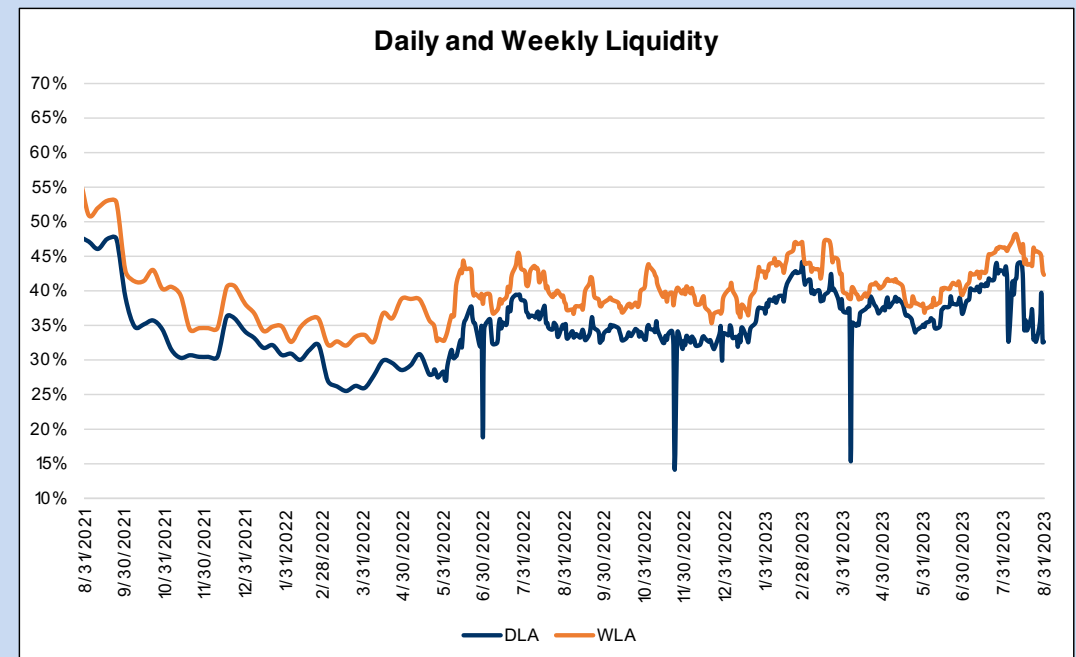
Assets have a mix of fixed and floating rates to assist with capturing market rate movements, improving income generation consistency.





Weighted average maturity (WAM F) ranged between 55 days and 75 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 30 days and 45 days.



Highly liquid fund.

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





# ROBERT SPRAGUE

OHIO TREASURER



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

TRUSTED STEWARDSHIP • WISE INVESTMENT • BOLD INNOVATION

[OHIO TREASURER.GOV](http://OHIO TREASURER.GOV)

# Ohio Market Access Program (OMAP)



Credit enhancement that leverages the State's liquidity portfolio

STANDARD  
& POOR'S

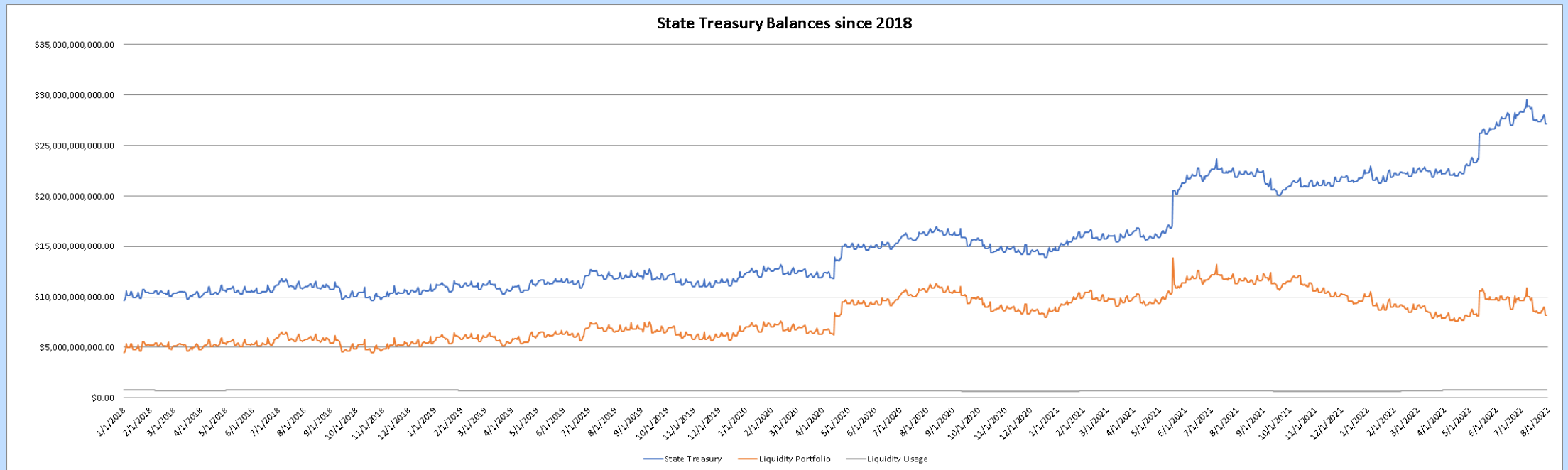
SP-1+

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



All Ohio political subdivisions and special districts are eligible to participate

# State Treasury Balances Since 2018





# 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

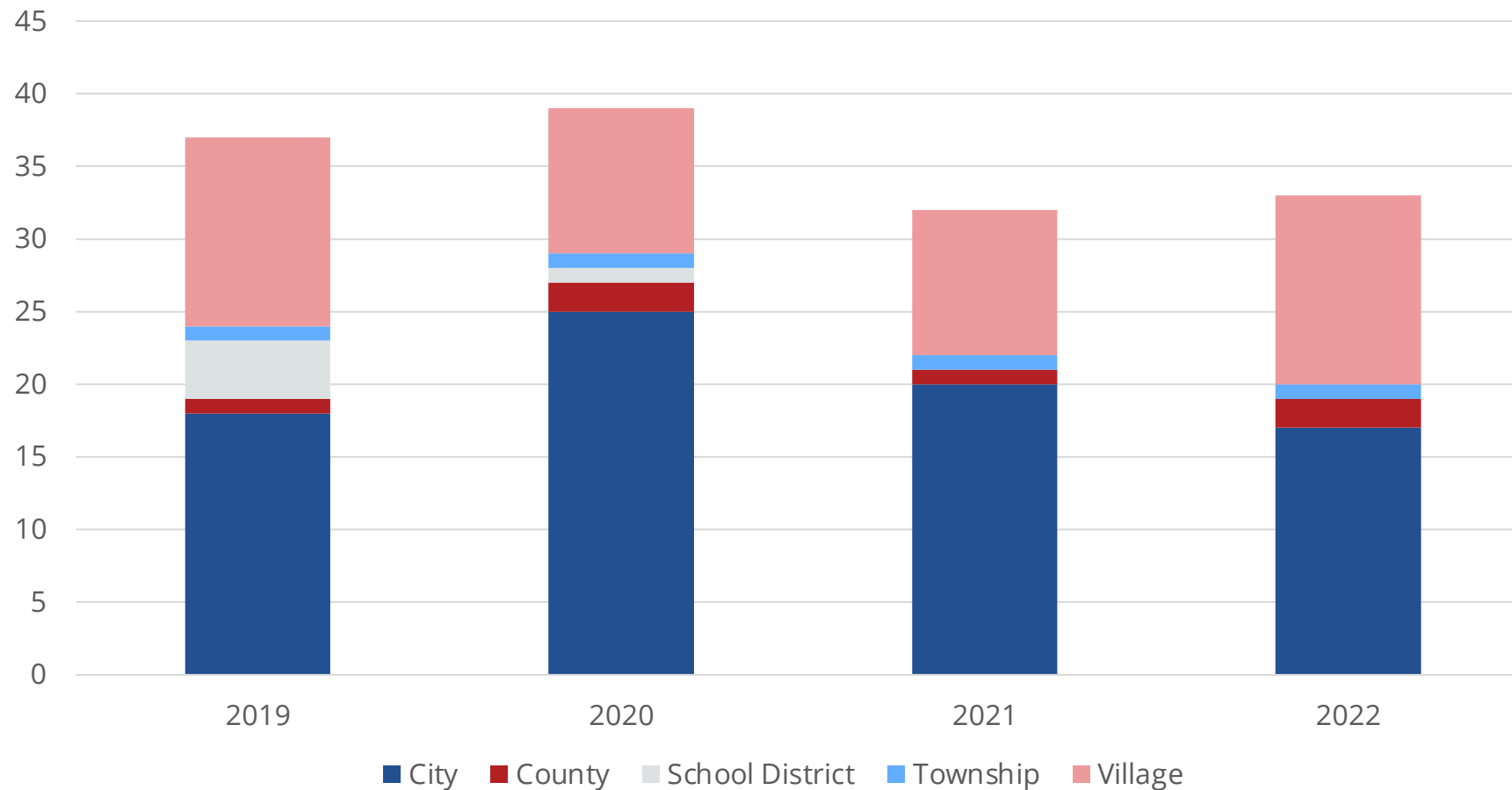
OMAP  
Participation  
Fee Based on Par



Cost/Benefit  
Analysis



# OMAP Participation by Municipality Type



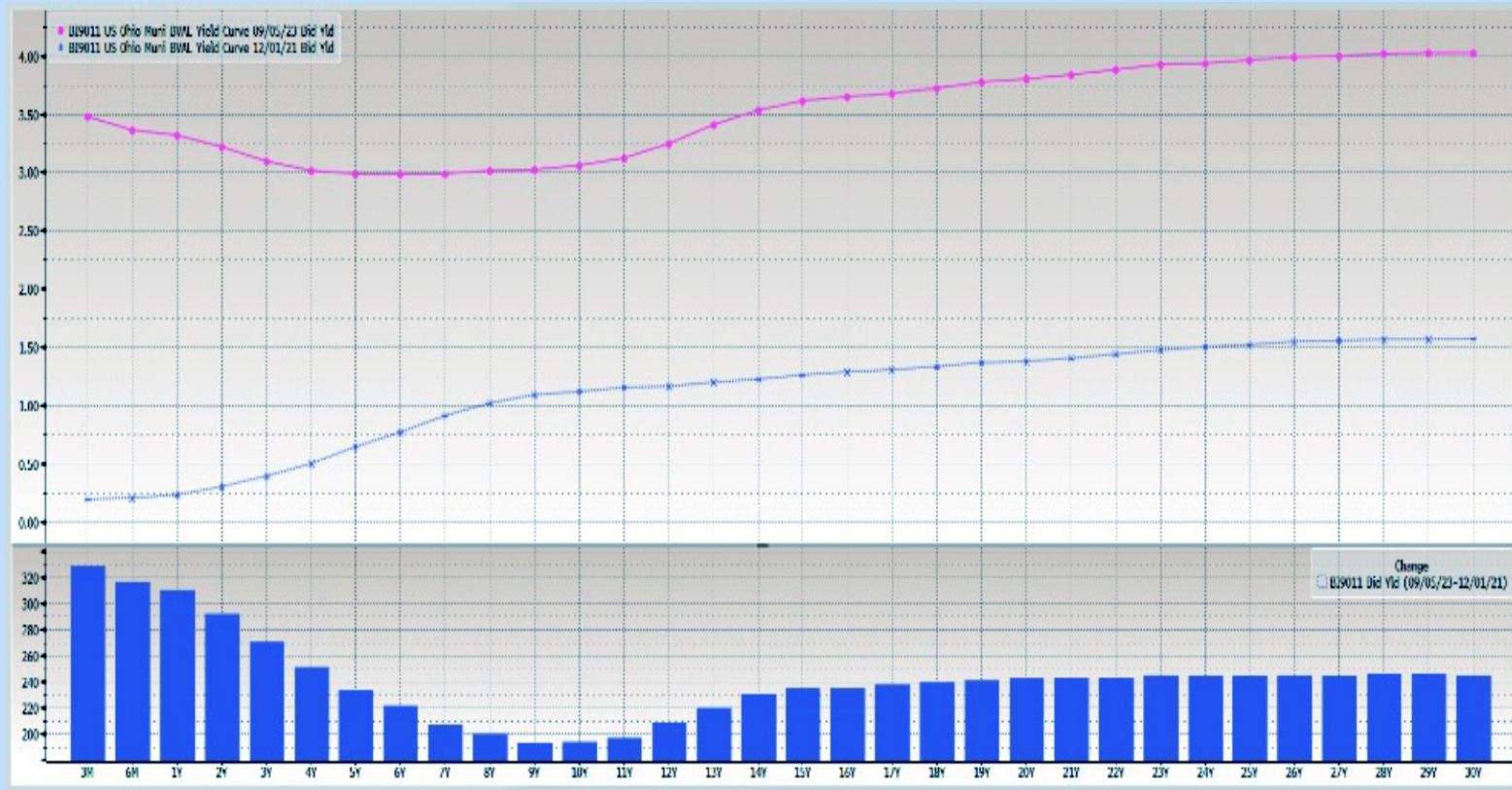


# Credit Analysis

- 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 2023
- Increase of 325 bps (3.25%) for 1-year maturity
- For a \$5,000,000 note, that's an increase of more than \$162,500 in interest costs
- OMAP saves an average of 29% in interest costs for participants, which translates into a reduction of more than \$47,000 to this incremental cost due to rising interest rates



# City of Springfield



**\$8,565,000 Tax-Exempt LTGO BANs**

- \$1,540,000 New Money
- \$7,025,000 Refunding

**Moody's Model assigns: Aa2**

**\$81,367.50 savings generated (21.35%)**

- Yield of 3.5%
- Estimated unenhanced yield of 4.45%

## OMAP Stats

**284**  
Notes Enhanced

**284**

**29%**

**29%**  
Average Savings

**\$5.2 MILLION**  
Interest Cost Savings

**\$5.2M**

**\$1.4B**

**Over \$1.4 BILLION**  
In Par



# ROBERT SPRAGUE

OHIO TREASURER



# OPCS

Ohio Pooled Collateral System

OPCS enables banks to pool collateral for public unit deposits.

OPCS enhances oversight and transparency:  
*Every bank. Every account. Every day.*

TRUSTED STEWARDSHIP • WISE INVESTMENT • BOLD INNOVATION

[OHIOTREASURER.GOV](http://OHIOTREASURER.GOV)

## OPCS Overview

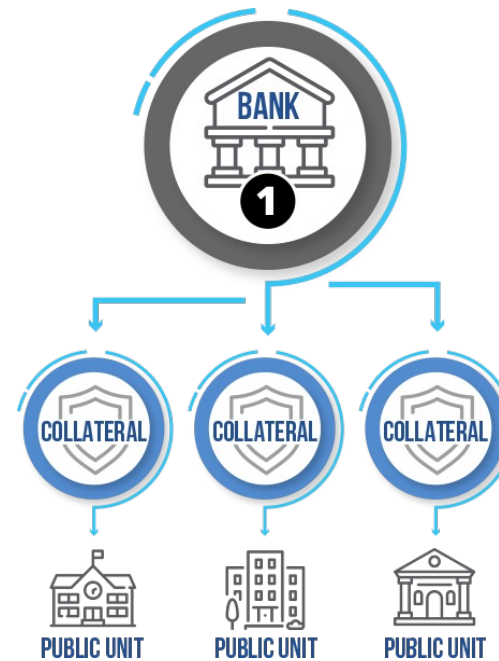
- The Ohio Treasurer's office (TOS) maintains OPCS, an online portal, for use by banks, collateral trustees, TOS, public units and auditors.
- Currently OPCS has 59 participating banks with over \$17 billion in deposits and \$19 billion of collateral.
- OPCS calculates collateral sufficiency each day and identifies when a public unit's uninsured deposit balances exceed the pledged collateral.
- TOS contacts the bank, and the bank has up to two business days to resolve the deficiency.



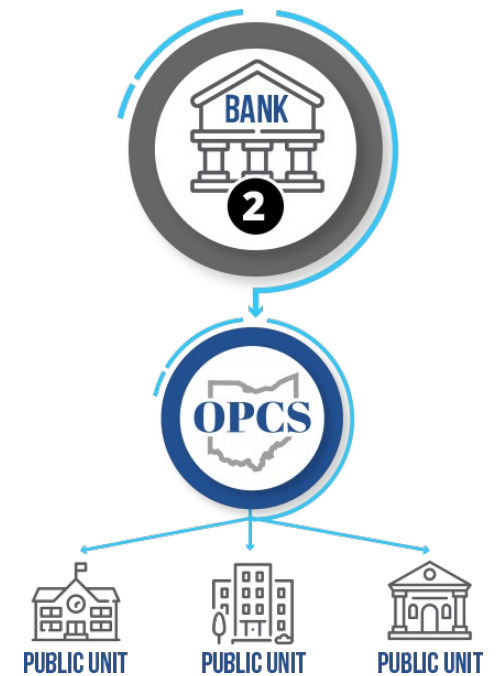
# Bank Collateral Options

- 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 a reduced rate set by TOS in rule

## SPECIFIC PLEDGE



## POOLED COLLATERAL



## 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 10% 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?



## Contact Information

**Scott Adams**

*Director of Investments*

[Scott.Adams@tos.ohio.gov](mailto:Scott.Adams@tos.ohio.gov)

614-569-4378

**Katie O'Brien**

*Finance Manager*

[Katie.OBrien@tos.ohio.gov](mailto:Katie.OBrien@tos.ohio.gov)

614-696-5793

**Walt Myers**

*Director of Trust*

[Walter.Myers@tos.ohio.gov](mailto:Walter.Myers@tos.ohio.gov)

614-466-8046





# ROBERT SPRAGUE

— OHIO TREASURER —

TRUSTED STEWARDSHIP · WISE INVESTMENT · BOLD INNOVATION



[OHIO TREASURER.GOV](http://OHIO TREASURER.GOV)