



State Treasurer of Ohio
Ohio Pooled Collateral System (OPCS)
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Bank Collateral

- Changes in the State budget bill H.B. 64:
 - Lien perfection now required
 - Ohio Pooled Collateral System implemented by July 1, 2017
- H.B. 374 created the option for rule based collateral in Ohio

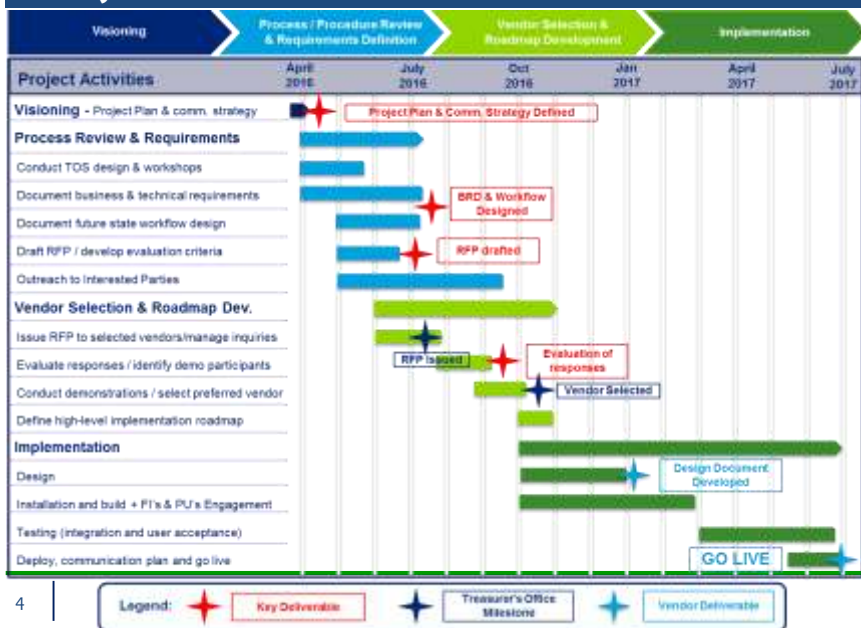
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OPCS

- The Ohio Pooled Collateral System (OPCS) allows for participating Financial Institutions (FI) to pool collateral for Ohio Public Unit's (PU) deposits.
- The Treasurer of State (TOS) is the sole regulator and monitor of the program.
- FI's will chose to 1) participate in the pooling method (OPCS) collateralizing at 102% or 2) not participate in OPCS and collateralize all public entities with specific pledge method at 105%.

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Project Timeline



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OPCS Outreach

- ◉ TOS has been working with the FI's on the creation of OPCS and have been meeting regularly since January 2016.
- ◉ TOS has also been working with the PU's through their respective associations regarding the creation and implementation of OPCS.
- ◉ TOS has presented at many local government associations including the County Treasurers Association, The Ohio Municipal League, and Ohio GFOA.

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OPCS Website

TOS will maintain the OPCS Website (“Portal”) for use by the FIs, Public Units, and Collateral Trustees for the efficient and transparent reporting and monitoring of public deposits and corresponding collateral.

- TOS will build and maintain the Portal for the receipt, analysis, and reporting of balance and collateral data will be available to the FI and public entities.
- The FI reports the Public Entities deposits daily to the program website.

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OPCS Website

- TOS receives the collateral detail from the collateral trustee and prices the collateral daily. The Treasurer's Office will approve all substitution and releases of collateral to the Collateral Trustee via the Portal.
- TOS compares the total market value of collateral pledged by the FI to the total amount of deposits, plus any accrued interest, in the depository institution's pool, less the applicable proxy FDIC limits and agreed collateral haircut and reports the information on the Portal daily.
- The Public Entity is responsible to periodically review the balance of their itemized deposits reported to ensure that it is accuracy and completeness. The Public Entity can review the FI's total pooled collateral amounts compared to the pooled deposits amounts on the Portal. The Public Entity will be able to set up daily or periodic automatic email notices to assist with this requirement.

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Benefits of OPCS

- ⦿ Centralized collateral monitoring will save time and resources for local governments by shifting the administrative burden for managing pledged collateral to the Treasurer of State.
- ⦿ Provides administrative benefits for financial institutions by streamlining the processing and management of pledged collateral.
- ⦿ Guards against fraud since the TOS will be able to see all pledged collateral compared to the total amount of public deposits at a financial institution.
- ⦿ OPCS does not impact a local governments ability to select which eligible institution will hold its deposits.

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Monitoring Responsibility

- Specific Pledge Method

Responsibility for monitoring the FI's compliance falls solely on the public entity who is required to maintain a record of all securities pledged at all times.

- Pooling Method

TOS is responsible for monitoring the FI's collateral levels and compliance. The FI will be required to electronically report to the OPCS. The FI may choose any eligible and approved collateral trustee and pledge a single pool of collateral through OPCS for all of the FI's uninsured Ohio public entity deposits.

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OPCS Public Unit Responsibilities

- Public Units are responsible for:

- Periodically reviewing and monitoring the reports posted on the OPCS website related to its deposits of public funds.
- Verifying the accuracy and completeness of the daily reports of its itemized deposits and reporting discrepancies to the FI directly.
- A public unit shall inform its FI of a significant change in the amount or activity of its deposits within a reasonable time before the change occurs.
- Questions regarding liability for Treasurers and Fiscal Officers should be addressed by the Public Unit's legal counsel.

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OPCS TOS Responsibilities

- Develop and Implement the OPCS
- Adopt rules for the rule based collateral model
- TOS is responsible for monitoring and ensuring sufficiency in OPCS.

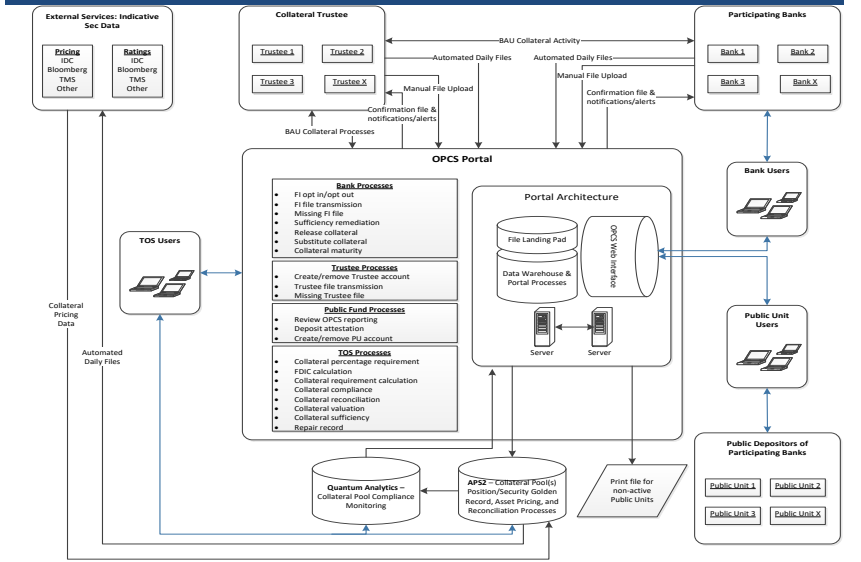
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Books & Records

- The FI will maintain separate, accurate, and complete records relating to each deposit of Public Entity, each pledge of collateral, and each transaction related to a pledge of collateral.
- The Collateral Trustee will maintain separate, accurate and complete records relating to each pledge of collateral and each transaction related to a pledge of collateral.
- The FI and Collateral Trustee will provide, upon request, to TOS any additional information or confirmation regarding a deposit of public funds or a pledge of collateral.
- A Public Entity may review the records of the FI and TOS related to that Public Entity deposit and collateralization of public funds in OPCS.

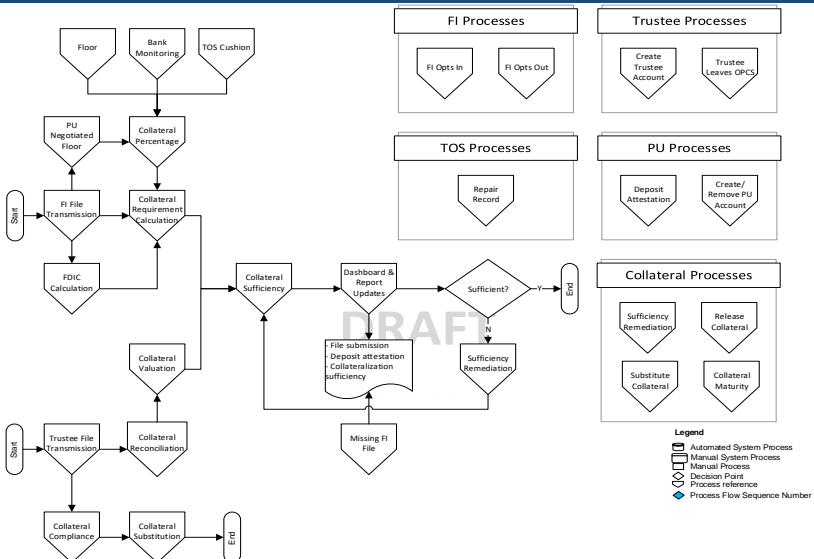
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Possible System Architecture



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Processes Overview

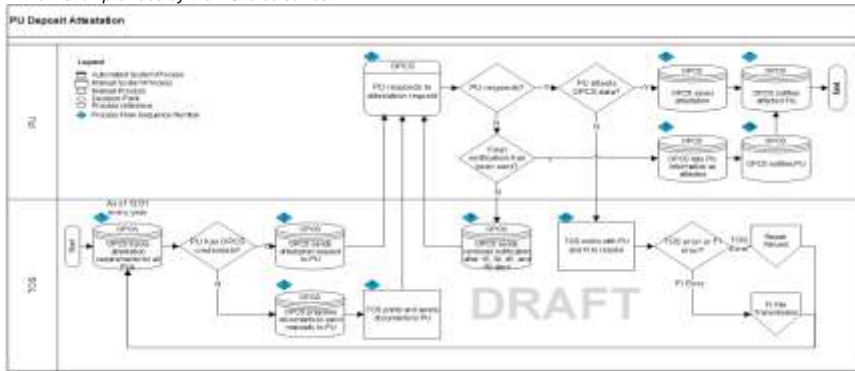


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Deposit Attestation

At least once a year, PUs will be required to attest that the account details (including deposit balances) and contact details provided by FIs are correct. PUs will be contacted via an OPCS notification and attestation will be completed in the OPCS by an authorized PU user.

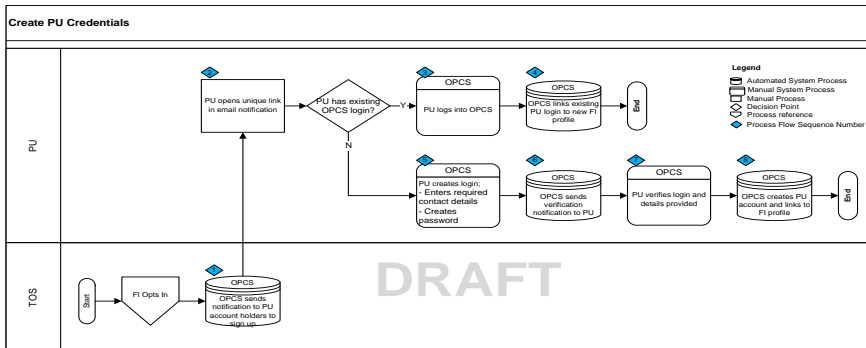
In cases where a PU does not have credentialed OPCS access, a hard copy report and attestation form will be sent to the PU contact and address on file. If no response is received within the defined timeline, OPCS will assume the information provided by the FIs to be correct.



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Create PU Credential

- When a FI opts into OPCS it will provide a list of all PU clients which will be used to contact PU account holders and create access to OPCS. PU users that are new to OPCS will create an account, while PU users that are already using OPCS to monitor deposits held at other OPCS participating FIs will be able to link their accounts and access deposit information regarding both FIs from one OPCS login. If a PU does not create and validate its credentials, periodic reporting will be mailed to the PU's address on file.
- To obtain access, the PU will need the link provided to the PU by OPCS, parent bank routing number, public entity taxpayer ID and the last four digits of one of the PU's account numbers.



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Questions

