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# Ohio Pooled Collateral System

# OPCS Overview

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- The Ohio Pooled Collateral System (OPCS) authorizes banks to pool collateral for Ohio Public Unit's (PU) deposits through a program developed and administered through the Treasurer of State (TOS).
  - The Treasurer's Office maintains an online portal for use by Banks, Public Units, Collateral Trustees, and Auditors.
- Primary benefit of OPCS is enhanced oversight and transparency.
  - Every bank, every account, every day.
- OPCS was created in HB 64 of the 131st General Assembly, which was signed into law on June 30<sup>th</sup>, 2015. This program is governed by ORC section 135.182 and launched on July 1<sup>st</sup>, 2017.
- 56 participating banks, 6,000 public units, over \$12 billion in deposits, and over \$13 billion in collateral pledged.

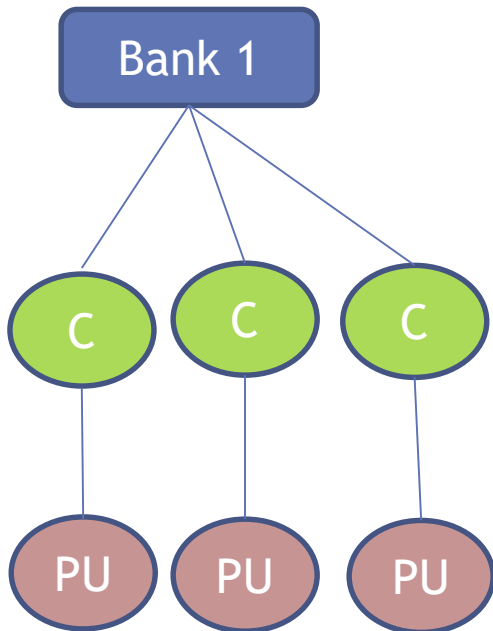
# OPCS Overview

Banks who hold public deposits have:

**Option 1:**

Individually collateralize all public deposits at a minimum of 105% via the specific pledge method.

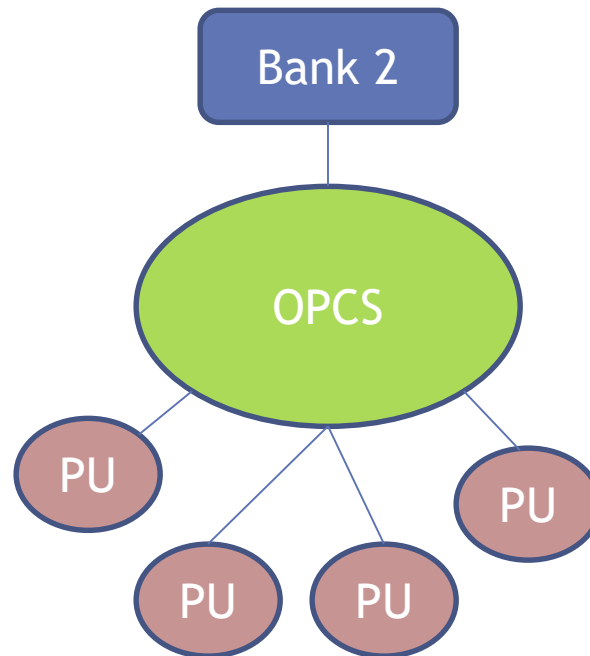
Specific  
Pledge



**Option 2:**

Participate in OPCS to pool collateral at 102%, or at rate set by TOS in rule. Public Units can request higher collateral amounts.

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# Mechanics of OPCS

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- If bank applies, TOS has the ability to lower collateral floor.
  - TOS can also raise collateral floor back up
- Banks should be checking with their Public Units before lowering their collateral floor.
- TOS has ability to raise or lower the collateral floor for a given collateral pool based on a bank's "SCALE" score.
  - Sensitivity to Risk
  - Capital
  - Assets
  - Liquidity
  - Earnings
- TOS utilizes 50 different economic indicators:
  - i.e. operating assets, cash flows, deposits, balance sheets, leverage ratio, etc.

# Mechanics of OPCS

- Banks send TOS daily files.
- TOS Trust Department has 5 staff that monitor pledged collateral daily.

Drill Down	Financial Institution ▲	OPCS Process Date	PU Demographic File				Daily Balance File	
			Received	File Type	Sequence	Processed	Received	File Type
---		03/11/2019	3/12/2019 8:16 AM	O	1	3/12/2019 8:16 AM	3/12/2019 8:15 AM	O
---		03/11/2019	3/12/2019 8:31 AM	O	1	3/12/2019 8:31 AM	3/12/2019 8:39 AM	O
---		03/11/2019	3/12/2019 8:39 AM	O	1	3/12/2019 8:39 AM	3/12/2019 8:39 AM	O
---		03/11/2019	3/12/2019 8:34 AM	O	1	3/12/2019 8:34 AM	3/12/2019 8:33 AM	O

- TOS Timeline
  - 9:00 am
    - TOS requires participating banks to submit daily public unit file.
    - TOS uploads priced collateral positions and compares bank file with collateral position.
  - 10:00 am
    - TOS does an analysis on previous day collateral based on current APS 2 Report.
    - If TOS has not received a bank's public unit file, TOS will open a case, alert the PU, and work with the bank to resolve any issues.

# Mechanics of OPCS

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- **Under-Collateralization:**

- If at any time a bank is under collateralized, TOS notifies the bank and PU of a deficiency.
  - This used to be an opt-in feature, we are changing this to a mandatory notification.
- If necessary, TOS will work with the bank to ensure the funds are properly collateralized.
- PU will receive a follow up notification when the bank resolves the deficiency.
  - If for some reason you do not , please call or email us immediately.

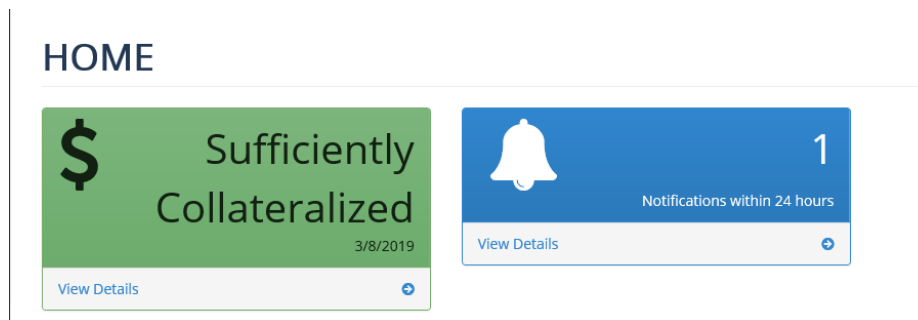
## **Collateral Compliance - Notify PU of Deficiency**

Your deposit balance with The Bank of Williamsville has insufficient collateral as of 3/12/2019. For more information, please review the Deposit Information and Sufficiency dashboard available on the <http://opcs.ohio.gov>

# Public Unit Roles

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- PUs are encouraged to log in daily, review and monitor OPCS reports posted, verify the accuracy of their deposits.
  - TOS is responsible for reporting any discrepancies or under collateralization to the bank and PU. PUs should notify TOS of any discrepancies as well.

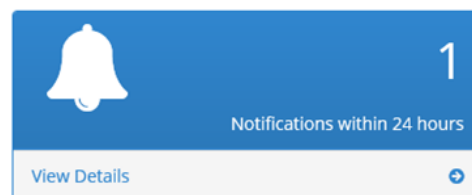
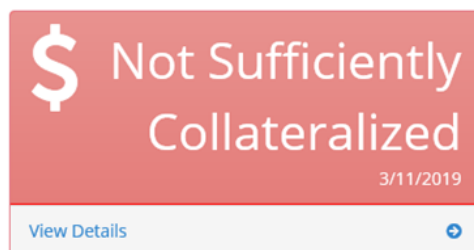


- PUs are required to do an annual attestation of their account details, including deposit balances and contact information.
- PUs may negotiate different collateral requirements for individual accounts with their bank, which may be higher than the statutory collateral requirement.

# Public Unit Roles

- **Under-Collateralization:**

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- PUs may be under collateralized for several reasons:
  - 1) Large tax revenue deposits.
  - 2) Receipt of state or federal funding.
  - 3) Other unexpected revenues (could even be a different PU in same pool).
- Can be rectified by bank purchasing additional collateral or moving money out of the account.



# Best Practices

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- **Best Practices**

- Public Unit should work with their banks and notify them as accurately as possible when tax revenues or grants are going to be deposited.
- Check OPCS often. Designated signers can create as many read only credentials for the OPCS systems as they like.
  - Create credentials for staff, have them log in and check OPCS.
  - Best time is just after 10a after all reports have been run.
- Record keeping, especially if a deficiency is found.
  - Call or email the bank, keep good records, work with them to come to a solution.
- Contact TOS if you have any questions, we're here to help.

# Resources

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FAQs/Training Manuals: (go to [opcs.ohio.gov](https://opcs.ohio.gov), FAQ/Help tab)

- <https://opcs.ohio.gov/login#/faqhelp>

Contact info:

- OPCS main line, 614-466-2160, [support@opcs.ohio.gov](mailto:support@opcs.ohio.gov)
- Zach Prouty, 614-752-8479, [zach.prouty@tos.ohio.gov](mailto:zach.prouty@tos.ohio.gov)
- Patrick Castleman, 614-629-8374, [Patrick.castleman@tos.ohio.gov](mailto:Patrick.castleman@tos.ohio.gov)
- Jennifer Day, 614-387-2834, [Jennifer.day@tos.ohio.gov](mailto:Jennifer.day@tos.ohio.gov)
- Eric Ochmanek, 614-728-8873, [eric.Ochmanek@tos.ohio.gov](mailto:eric.Ochmanek@tos.ohio.gov)

ORC/OAC Section:

- 135.182, <http://codes.ohio.gov/orc/135.182v1>
- 135-3-01, <http://codes.ohio.gov/oac/135-3>

Auditor of State Compliance Supplement Manuals (2018):

- <https://www.ohioauditor.gov/references/compliancemanuals.html> (OPCS is Chapter 2, section 2-9)

# **OPCS Portal - Overview and Demo**

# Questions?



# Thank You!

[opcs.ohio.gov](https://opcs.ohio.gov)