

CPIM

CENTER FOR PUBLIC INVESTMENT MANAGEMENT



A PROGRAM BROUGHT TO YOU BY:

JOSH MANDEL

TREASURER OF OHIO

General Session: Ohio Pooled Collateral System (OPCS)

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OPCS Background

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 administrator and monitor of the program.
- FI's will chose to 1) participate in the pooling method (OPCS) collateralizing at 102% or a rate set by the Treasurer in rule or 2) not participate in OPCS and collateralize all public entities with specific the pledge method at 105%.

OPCS Background

- Changes in the State budget bill H.B. 64 of the 131st General Assembly:
 - Lien perfection now required for specific pledge method and the Ohio Pooled Collateral System (OPCS)
 - Ohio Pooled Collateral System implemented on July 1, 2017
- H.B. 340 created the option for rule based collateral in Ohio
 - This permitted the Treasurer to adopt rules that would allow a financial institution that participates in OPCS to collateralize public deposits at a rate lower than 102%.

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.

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.

Public Unit Responsibilities

- Public Units will Participate in OPCS Using the Following Methods:
 - The Treasurer of State will provide market pricing of all collateral and publish the reports on the OPCS portal.
 - Public Units will be responsible for reviewing and monitoring the reports posted, verifying the accuracy of reports of their itemized deposits, and reporting any discrepancies to their financial institution.
 - Public Units will mutually agree to communication prompts with their financial institution to notify the financial institution of any atypical changes in deposits within a reasonable time prior to the change.
 - The Treasurer of State will provide OPCS access to the public units.
 - Public units shall periodically certify account details, including deposit balances, and contact details are correct, in accordance with the schedule set by the Treasurer of State.
 - Public Units may negotiate a public unit negotiated collateral requirement for individual accounts with their financial institution, which may be higher than the statutory collateral requirement or the reduced collateral floor as applicable.

OPCS Portal

OCPS Website – opcs.ohio.gov



JOSH MANDEL
TREASURER OF OHIO

[ABOUT OPCS](#)

[FAQ/HELP](#)

[REGISTRATION FORMS](#)

[ENROLL](#)

PROTECTING GOVERNMENT DEPOSITS

WELCOME TO THE OHIO POOLED COLLATERAL SYSTEM

OHIO TREASURER'S OFFICE

The Ohio Treasurer's office administers OPCS. This is just filler text to explain what this means to our office and the relationship between local governments and financial institutions around the State of Ohio. This new portal will make everything more secure, efficient, and more.

LOCAL GOVERNMENTS

This section will explain what local governments accomplish using the OPCS portal and how easy it will make their lives. Maybe explain how it works or link to the FAQ doc. Ultimately this section should be similar size as the one to the right and the one to the left.

FINANCIAL INSTITUTIONS

Finally, we have the Financial Institutions section which will let bankers know this portal is mainly for them. Should have info on creating an account to start because everyone that visits this site early on will be new. That's why I'm featuring the green button above.

OPCS Login

[Not enrolled? Register Now.](#)

Remember me

Sign in

[Forgot the password?](#)

HOW OPCS WORKS



FINANCIAL INSTITUTION ENROLLS IN OPCS

Financial Institution must download and complete registration forms

Once Completed [ENROLL HERE](#)



LOCAL GOVERNMENT IS NOTIFIED

When their financial institution enrolls, local government(s) will be notified by email

Local governments ***do not*** enroll in OPCS



LOCAL GOVERNMENT MONITORS THEIR COLLATERAL IN OPCS


Local governments can login to monitor their collateral in OPCS

OPCS Home Page

OPCS Preview Welcome, PU Admin (City of [redacted]) [Cases](#) [Notifications](#) [User](#)

- Home
- Cases
- Notifications
- Profile
- Settings

HOME


1
 Notifications within 24 hours
[View Details](#)

Public Unit Dashboard

File Receipt Dashboard

Deposit Information & Sufficiency Dashboard

■ Second Deadline Missed
■ First Deadline Missed
■ File Received on Time

Drill-down Level: Associated FI's Files

Drill D...	Financial I...	FDIC #	OPCS...	Daily Contact File				Daily Balance File			
				Received	File T...	Sequ...	Processed	Received	File T...	Sequ...	Processe
...	MyBank	1000	06/07/2017			0				0	

OPCS Dashboards

OPCS Preview

Welcome, PU Admin (City of [redacted])

Cases ▾ Notifications ▾ User ▾

HOME

1

Notifications within 24 hours

[View Details](#)

Public Unit Dashboard

File Receipt Dashboard

Deposit Information & Sufficiency Dashboard

■ Not Sufficiently Collateralized ■ Under TOS Cushion ■ Sufficiently Collateralized

Drill-down Level: Your Public Units

[Export to Excel](#)

Drill D...	taxId	Date	Financial I...	Portfolios	Principal	Accrued I...	Balance	Proxy FDI...	Uninsure...	Uncovere...
...	111111111	06/05/2017	1	1	\$5,000,000.00	\$0.00	\$5,000,000.00	\$1,250,000.00	\$3,750,000.00	\$0.00

1 - 1 of 1 items

100%

OPCS Dashboards

[View Details](#)

Public Unit Dashboard

[File Receipt Dashboard](#)

[Deposit Information & Sufficiency Dashboard](#)

■ Not Sufficiently Collateralized
 ■ Under TOS Cushion
 ■ Sufficiently Collateralized

Drill-down Level: [Your Public Units](#) > [111111111](#) > [Fri May 26 2017](#) > [MyBank](#) > [POOL_MAIN](#) > City of

Export to Excel

Account...	Account...	Account...	Account T...	Principal	Accrued I...	Balance	Proxy FDI..
Account nam...	Line 2 for Acc...	1	DDA	\$0.00	\$0.00	\$0.00	\$0.00
Account nam...	Line 2 for Acc...	2	DDA	\$2,000,000.00	\$0.00	\$2,000,000.00	\$250,000.00

⏪ ⏩ 1 ⏪ ⏩

1 - 2 of 2 items

🚫 = Deposit data is stale. 🚫 = Collateral data is stale.

*When a PU has an account with a negative balance, the non FDIC insured balance of the other accounts of this PU will be calculated using the negative balance of the overdrawn account. However the allocation of the overdrawn balance to the other PU accounts cannot currently be displayed in the Dashboard. OPCS is being updated and the Overdrawn Account Allocation details will soon be available in the dashboard. For

SCALE Model

Model Objectives

- *The Treasurer's Office is using the following objectives for the Model:*
 - Be stringent, but fair
 - Be transparent, objective, and externally reproducible – be predictable
 - Only use data for evaluation from externally and publically available sources, no additional data requested from FIs
 - Evaluate a FI's micro-economic condition, as well as its relative position to Ohio, regional, and national peer groups
 - Evaluate and take into account macro-economic indicators
 - Recognize and risk account when external market data elements are unavailable for a FI

The model does not imply, create, or construe the Treasurer's Office as a de facto ratings agency

Components

SCALE Components

- Sensitivity to Risk is the degree to which changes in interest rates, foreign exchange rates, commodity prices, or equity prices can adversely affect a bank's earnings or economic capital.
- Capital Adequacy is a measurement of a bank to determine if solvency can be maintained due to risks that have been incurred as a course of business.
- Asset Quality evaluates risk, controllability, adequacy of loan loss reserves, and acceptable earnings; and the effect of off-balance sheet earnings and loss.
- Liquidity is what a bank requires if funding is interrupted and the bank must still be able to meet certain obligations, i.e. the bank's ability to repay depositors and other creditors without incurring excessive costs.
- Earnings determine the ability of a bank to increase capital (through retained earnings), absorb loan losses, support the future growth of assets, and provide a return to investors.

Questions