



OVERVIEW

- Since 2019, Treasurer Sprague has dedicated the Treasurer's office to serving as trusted stewards of the Ohio Treasury while working to identify new and innovative investment strategies to secure a more prosperous future for the Buckeye State.
 - ***That mission is at the heart of the Ohio Gains initiative, which puts the state's balance sheet to work for Ohio.***
 - ***The first three investment reforms announced under the Ohio Gains initiative focus directly on bolstering support for our state's agriculture community, hospitals, and institutions of higher education.***
 - By tapping into the Treasurer's office's financial expertise and unlocking the power of the Ohio Treasury, we can create cost savings opportunities for businesses and institutions while also investing more of Ohio's tax dollars in Ohio and forging a stronger financial foundation for the future.
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Reducing Costs for Ohio's Agriculture Community

Agriculture is a driving force behind our state's economy. For decades, the Ag-LINK linked deposit program has helped farmers drive down the cost of doing business by providing interest rate reductions on new or existing loans. Until now, government red tape has prevented Ag-LINK from keeping pace with the diverse borrowing needs of today's agriculture community. The Treasurer's office aims to modernize Ag-LINK by adding agricultural cooperatives (co-ops) as eligible borrowers and removing existing loan and program caps to provide borrowers with greater flexibility.

The challenges faced by co-ops are not unlike those experienced by entities already served through Ag-LINK, and granting them access to the program further recognizes their valuable contributions to Ohio's economy. Additionally, removing unneeded programmatic caps will better align Ag-LINK with other linked deposit programs administered by the Treasurer's office, while also ensuring Ohio's agriculture community has access to lower-cost capital when it's needed most.

Reducing Costs for Ohio's Hospitals

When financing capital projects, certain large institutions – including many Ohio hospital systems – utilize a borrowing tool called a Variable Rate Demand Obligation (VRDO). This debt instrument requires an entity to act as a "buyer of last resort," agreeing to purchase the debt if the market yields no other options. While big Wall Street banks usually serve in this capacity, the Ohio Treasury can leverage its strong liquidity position to step into this role on behalf of Ohio's hospital systems and lower their overall borrowing costs.

The Treasurer's office has extensive experience with VRDOs and has implemented other programs that leverage the state's liquidity in a similar fashion. Last year, the Treasurer's office entered such a partnership with the Cleveland Clinic because the Clinic already qualified as an eligible investment of the Treasury. The Treasurer's office is proposing to extend this cost-savings opportunity to more Ohio hospital systems and other entities that regularly utilize VRDOs.

Reducing Costs for Ohio's Public Universities

Under current law, the debt of Ohio's state universities is an eligible investment of the Treasury. By enabling Ohio's public four-year institutions to leverage their State Share of Instruction (SSI) when debt is issued to the State Treasury only, the university's credit is automatically enhanced – thereby making it a more attractive and secure investment for the State of Ohio. Such an enhancement further empowers the Treasurer's office to craft mutually beneficial transactions that would bolster the state's investment portfolio while also reducing a participating university's interest costs.

Ohio provides significant financial support to its public institutions of higher education. This proposal maximizes the value of those state funds like never before by providing a unique cost savings opportunity at the university-level and generating a meaningful return on the investment for the Treasury.