

Thank you Chairman Hackett, Vice Chair Hottinger, Ranking Member Craig, and members of the Insurance and Financial Institutions Committee for the opportunity to give sponsor testimony for SB 277.

I was asked to carry this legislation because of my involvement with modernizing the rules for Ohio's Pooled Collateral Program when I was in the House during the 131st Session of the General Assembly.

By way of background, it is important to note that public deposits are not insured the same way as private deposits are under the Federal Deposit Insurance Corporation. In Ohio, a financial institution that is a public depository can provide security for the repayment of public deposits one of two ways. Either by securing public deposits by each public depositor separately or by pledging collateral through a pool of public deposits managed by the Treasurer of State known as the Ohio Pooled Collateral Program.

Under the Ohio Pooled Collateral Program, when the financial institution that is a public depository accepts additional public deposits it must pledge additional eligible securities to match the market value of the new public deposit.

To that end, SB 277 creates a bright line by giving the financial institution that is a public depository two business days to pledge additional eligible securities to meet sufficient market values under the law. It also gives public treasurers immunity when the financial institutions that are public depositories fail to comply with those bright line standards. Simply stated Mr.

Chairman, members of the committee, SB 277 will establish well defined guidelines for financial institutions to ensure that public deposits are properly collateralized and also provide legal protections for public treasurers when those guidelines are not met.

Moreover, it will reinforce the importance of Ohio Pooled Collateral Program that is designed to ensure to Ohio's public deposits are secure and deserving of the confidence of the people of Ohio.

The bill has the support of the County Treasurer's Association of Ohio, which is the entity that asked me to draft the legislation and also the Ohio Bankers League, the Treasurer of State's office, and the Auditor of State's office.

Thanks again for allowing to give sponsor testimony. At this time I would be glad to entertain any questions that the committee may have.