



**CITY OF TWINSBURG, OHIO**

**Finance Committee Mtg.**

**August 28, 2018**

**6:00 PM**

**1. CALL TO ORDER**

Mr. Scaffide called the meeting to order at 6:00PM

**Roll Call:**

**Finance Committee Members:** Scott Barr, Sam Scaffide, Maureen Stauffer

**Other Council Members Present:** Greg Bellan, JoAnn McFearin, Brian Steele

**Also Present:** Mayor Yates

**Finance Director:** Sarah Buccigross

**Law Director:** David Maistros

**2. AUDIENCE PARTICIPATION - None**

**3. APPROVAL OF THE JUNE 26, 2018 MINUTES - approved as written**

**4. HUNTINGTON PRESENTATION ON ACCOUNTS PAYABLE PROGRAM & PROCUREMENT CARDS**

Ms. Buccigross explains that the City's auditors have suggested that we create a credit card policy, since it will likely be mandated by the State of Ohio this year. Ms Buccigross has done some research into ways that credit card use can earn the city money. Peggy Bronson explains how Huntington's commercial cards work.

- The program consists of traditional plastic credit cards, which can be used for travel or other typical credit cards purchases. It can also be used to make regular accounts payable payments with participating vendors, which would then earn the city rebates.
- Provides text fraud alerts
- Tax Exempt status and ID number can be printed on the card
- Huntington will set a credit limit. Payments would be made to Huntington twenty days after the cycle end date, allowing cash to stay in our account longer.
- Provides streamlined reporting
- Immediate online access
- Provides transparency into transaction details, allowing the Finance Director to pull up line item details for purchases.
- Can block certain vendors or types of purchases that the city's policy doesn't allow (i.e.; liquor stores, casinos, etc)

- Can be very specific by employee, allowing the city to set up restrictions on who can buy from certain vendors and which items they will be allowed to purchase.
- For the accounts payable side, Huntington will provide the legwork to get us set up with participating vendors that will allow accounts payable payments using this program. Typically between 10%-15 % of our vendors should allow payment this way. Huntington will reach out to our vendors and see if they will accept payment in the form of a credit card, without any additional fees to the city.
- Some of the City's vendors that we know will allow payments by credit card include:
  1. Waste Management - \$1.1 million
  2. Ohio Bureau of Worker's Compensation - \$250,000
  3. Current Business Credit Card Purchases - \$100,000
  4. Some capital expenditures
- Virtual Cards are only good for one time only, for a specific dollar amount only, just like a check. They are sent to the vendors from Huntington in a secure email. There is virtually zero fraud on these virtual cards, versus regular credit cards.
- Rebates are given monthly at the rate of 0.5%. In addition, at the end of the year, depending on the amount spent in the program the city can earn an additional 0.4% - 0.7%. Based on initial research by Huntington, the city could have an annual spend in this program of between one and two million dollars.
- Ms. Buccigross explains that currently there are several people making purchases with the same bank credit card. In addition to bank credit cards, there are departments who also use Home Depot, Sam's Club, Hobby Lobby and other store credit cards that we do not receive any type of benefit from. By utilizing the new procurement card system, we would be making credit card purchases more secure, while also earning a rebate on those purchases. We can put daily limits on cards as well as many other restrictions that would make card use more secure.
- Ms Stauffer asks if there is a down side to the program. Ms. Bronson explains that the only downside would be that not all vendors will accept credit cards as payments, so the city would still have to print and mail checks for up to 80% of our vendors. Ms. Bronson explains that some vendors that the city has contracts with may have already provided us their best price in that contract, so they may not be willing to allow credit card payments as there is a cost to them.

## **5. HUNTINGTON DISCUSSION ON COLLATERAL CHANGES**

Patrick McCarthy from Huntington Bank discusses changes to the Ohio Revised Code regarding the changes to the pooled collateral program of government deposits. This program pertains to the way that deposits are secured over and above FDIC insurance in the event that a bank would fail. This is a pool of securities that can be liquidated to cover government entities' deposits.

Ohio Revised Code previously required that banks secure 105% of a government entity's deposits. This money would be kept in a pool of securities for multiple government entities. This policy put an enormous strain on banks, forcing some banks to pull back from accepting local government deposits. The State legislature met with Ohio banks and came up with what is known as the Ohio Pooled Collateral Program. Now, the State of Ohio's Treasurer's Office has taken on the role of being a "guardian" of municipal funds in banks. Banks are now required to transmit reports daily to the Ohio Treasurers office reporting every dollar of every municipality's deposits. The treasurer's office now ensures that the banks have enough in

liquid securities to cover the deposits on a daily basis. Previously, banks were required to report on this on a quarterly basis.

With these changes there is now a scale system that the treasurer's office uses to rate banks. The strongest of the banks that meet the highest standards are allowed to secure government deposits at 50%, instead of 105%. At anytime, if there is a risk to a bank (for example the news reports a data breach at a specific bank), the Treasurer's office has the legal authority to call a bank and tell them that they must increase their securities back to 105% effective immediately. City's now have real time transparency into their banks securities. If at any time a bank falls below the requirement, the finance director would receive an email from the State of Ohio Treasurers office alerting them to any changes being made.

Huntington is now at 50%, based on their high standard rating with the State of Ohio. This evening's presentation was to make council aware of these changes made by the State of Ohio.

## **6. PRESENTATION OF UPDATED SALARY ORDINANCE**

Ms. Woloszynek and Ms. Buccigross present a draft of the new proposed Salary Ordinance. It is a work in progress, and they wanted Finance Committee to see the format prior to it being presented to Council.

The current Salary Ordinance is coming to the end of its three year cycle. This draft is similar in format to the existing one, with the exception of it now being broken down by department, instead of listing directors and other management separately. The ranges for similar titles across the departments are now the same.

The ranges were rounded to five thousand dollars increments. The Mayor explains that they have reviewed the ranges and have made them more in line with what the market is for each position. The proposed ranges would cover us for the next three years. The goal was to have consistency in the ranges that we could fit people into, instead of having ranges based on specific employees. Ms. Buccigross states that if the finance committee approves of the format, the new draft would be presented to council with the current and the proposed ranges visible so that council could see the specific dollar changes. The Finance Committee agrees to the new format.

**7. COMMENTS / QUESTIONS: None**

**8. MISCELLANEOUS: None**

**9. NEXT MEETING: September 25, 2018 at 5:30PM - CIB Presentation to Finance Committee**

**10. ADJOURNMENT: Mr. Scaffide adjourns the meeting at 6:50PM**