

Cuyahoga Falls City Council
Minutes of the Finance and Appropriations Committee Meeting

July 16, 2018

Members: Tim Gorbach, Chair
Jerry James
Mary Ellen Pyke

Mr. Gorbach called the meeting to order at 6:30 p.m. All members were present.

Legislation Discussed

Temp. Ord. A-61

Discussion:

Temp. Ord. A-61

An ordinance accepting applications submitted by financial institutions and designating depositories for the active and interim funds of the City of Cuyahoga Falls for the five year period beginning August 23, 2018 and ending August 22, 2023, and declaring an emergency.

Mr. Gorbach stated that this is an ordinance that comes along every five years. There are four institutions: Huntington Bank, Key Bank, PNC Bank and Fifth-Third Bank. The City currently has accounts with Huntington Bank and Fifth-Third Bank. Mr. Gorbach asked if there is anything in this ordinance this year that's different, other than the banks listed on Line 17, from five years ago. Mr. Bryan Hoffman, Finance Director, stated that, to his knowledge, it should be the exact same ordinance except for those banks. Mr. Gorbach asked if, beginning August 23rd, he has any plans to deposit monies in other than the two banks the City is using now. Mr. Hoffman stated that he doesn't have any plans to do anything differently than what they are doing today.

Mr. Gorbach asked why they are using the banks they are today versus depositing money into the other institutions. Mr. Hoffman stated that Huntington Bank used to be First Merit and is right across the street and very convenient. They are very big in the municipal market and government market, and the costs they provide are good for the City. Fifth-Third Bank has been the City's depository bank for CDs on the investment side. They do a really nice job handling all the City's CDs and being able to market CDs. They have done well with those two banks. They are continually out there looking at all the banks to make sure they can't get a better rate somewhere else with the City's investments. They have not been able to find a better rate for CDs than what they have been able to do with Fifth-Third Bank. Mr. Gorbach asked if this legislation will give the City flexibility if something comes up. Mr. Hoffman stated that is correct. They send the City's agreement to all the banks and solicit those banks to send back information if they want to have a depository agreement with the City. These four banks are the only ones that have responded. They send the agreement to all the banks that have a brick-and-mortar building in the city on record.

Mr. Colavecchio asked, since they do this every five years, if that means the City is locked into five-year notes or does this give the City flexibility. Mr. Hoffman stated that this is a depository agreement that allows the City to deposit monies with these banks. The City structures its

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investments based upon investment policy. He can provide a copy of the agreement to Council if they would like to see that. Most of the City's deposits are in CDs through Fifth-Third Bank. Those are structured over various periods of time based on cash needs and liquidity needs of the City. It helps with interest rate risk and things like that. This ordinance does not provide that the City deposit money into a bank for any period of time. Mr. Colavecchio stated that Mr. Hoffman has been doing a really good job, because the City has been making a lot more money in interest. Given the low interest rates, that's amazing. He asked, since it looks like inflation is ticking up and interest rates are going to be ticking up, if that will that change the strategy at all as far as making shorter-term investments and not locking money in long term because of what the trend looks to be. Mr. Hoffman stated that it has. Over the last year or so, the short-term rates have started to creep up and the long-term rates tend to be steady. Some economists have predicted that yield purchases may be invert over the last year or two. That's very worrisome from his perspective. The City has kept money on the short-term side because of that interest rate risk for over the past year or so.

Mrs. Pyke moved to bring out Temp. Ord. A-61 with a favorable recommendation, second by Mr. James. Motion passed (3-0).

The meeting adjourned at 6:38.