

City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, April 30, 2021

Re: Finance Department Updates

Medical Insurance Renewal

The City's medical insurance policy for employees expires on June 30, 2021. It was an 18 month term that began on January 1, 2020, retaining the Oswald Companies as the City's insurance broker and Anthem as the City's medical insurance provider.

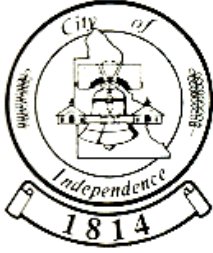
Although the services provided by both entities have been well received by most employees, because the cost for medical insurance for employees exceeds \$2 million a year, the decision was made to still bring in other brokers with other competing medical insurance products/offering just to see what else is available in the market, and at what pricing, at this time.

Although it is too early in the process to know what broker/medical insurance provider the Healthcare Committee is going to recommend to the Administration and Council, and it is too early in the process to know what broker/medical insurance provider Council is going to ultimately approve, it is safe to say that whatever combination ultimately gets approved by Council, it won't be for a lack of options or internal work and review.

Various brokers/medical insurance providers have been in making presentations to both administrative staff and the Healthcare Committee itself. The process being employed by Human Resources Director Linker has been very thorough and is causing every presenter to "sharpen their pencils" to compete for the City's \$2 million+ worth of business every year. No matter what the end result is, the process being followed should ensure that the best outcome for both employees and the City is achieved.

Short-Term Investment

The Finance Office re-deployed \$1.75 million of its investment portfolio with Fifth Third Securities this past week. That \$1.75 million was moved from a low-yielding money market instrument into a one-year note (Bond Anticipation Note – BAN) that was offered by Canal Winchester, Ohio.



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Short-Term Investment Continued

The notes sold by Canal Winchester had a Coupon Rate of 0.75%, but because the notes sold at a premium, the Yield-to-Maturity on them is 0.20%.

0.20% is certainly paltry when compared to interest rates received in the past. But with the Federal Reserve's continued policy of keeping the Federal Funds Rate ("The interest rate at which banks and other depository institutions lend money to each other, usually on an overnight basis") low, 0.20% still exceeds most current money market rates and the current Star Ohio Daily Rate of 0.08%.

2021 American Rescue Plan Act

Broadband was one of the items on yesterday's Utilities and Sewers Committee Meeting Agenda and was discussed at length.

It was also noted that "broadband" is definitely one of the allowable infrastructure uses of 2021 American Rescue Plan Act funds. Although cities, villages, counties and states are still waiting on additional guidance from the U.S. Treasury on the use of these funds, this category of infrastructure use is quite clear.

Of the \$1.9 trillion allocated in this Act, \$350 billion of it was carved out for cities, villages, counties and states as follows:

Local (Cities/Villages/Counties)	\$130.2 Billion
States	<u>219.8 Billion</u>
Total	\$350.0 Billion

Funds to be received from this Act will be received in two payments. The U.S. Treasury will make the first disbursement to states around May 10, 2021. States then have 30 days to disburse the local share to respective cities, villages and counties. Recall that Independence will be receiving just over \$700,000 in this disbursement, and a second one of approximately equal size sometime during Calendar Year 2022.

It was a good first step taken when Council and the Mayor also discussed this Act at the Tuesday, April 27, 2021 Council Workshop. It's not too early to begin formulating a general idea of how the City might wish to utilize, invest and deploy these funds this year and next.