Reserve Recommendation

Executive Committee
January 7, 2016

Strategy

- Adopted Strategy on Financial Stability
- Encourage Revenue Development
- Consistent & Fiscally Conservative Reserve Approach

Reserve Goals

- Short Term – 60 day Operating Reserve
- Long Term – 90-180 day Operating Reserve

Available Financial Tools

- Partial repurposing of building sale proceeds
- Funding via future program net income
- Seeking additional support from members

Short Term – 60 Day Operating Reserve

- High Agency Priority
- Strategy:
  - Fund with $1.8 MM from building sale proceeds (inclusive of previous transfers)
  - Timeline is 2016

Long Term – 90-180 Day Operating Reserve

- Long Term Agency Priority
- Strategy:
  - Requires additional $1– $4 MM
  - Requires multiple approaches
  - Time horizon is 5 to 20 years

Long Term – 90-180 Day Operating Reserve

- Strategy:
  - Seek support from members
  - Change “Building” dues to “Building & Reserve” dues
  - Increase these dues for reserve purposes over time from 3.5 cents per capita back to original 7 cents per capita

Long Term – 90-180 Day Operating Reserve (continued)

- Strategy:
  - Dedicate investment proceeds to Operating Reserve
  - Dedicate a portion of program net income to the Operating Reserve
  - Dedicate remaining portions of program net income to program use and management reserve

Committee Recommendations

1. Modify use of building sale proceeds
   - Original Amount = $2.9 MM
     - Maintain $1.0 million for building/lease needs
     - Transfer $1.0 million to Operating Reserve
     - Transfer $400K to Operating Reserve as recaptured through 2016
     - Consider $400K transfer in 2014 as permanent as already a part of current 20-30 day reserve
     - Transfer $100K to management reserve for internal use for revenue generating project development

Committee Recommendations (continued)

2. Create Operating Reserve policy
   - Commission to adopt policy
3. Create Management Reserve policy
   - Management-level policy – Commission adopts use via budget
   - Focus on Revenue Program Development

Discussion & Next Steps

Mid-Ohio Regional
Planning Commission

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