



JOSH MANDEL

STATE TREASURER OF OHIO

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New investments by the city of Powell will help support the city's rainy-day fund, freeing up dollars for capital improvements, officials say.

Last month, the city invested \$937,500 in a new state program called STAR Plus.

Powell Finance Director Deborah Miller said the program offers triple the return on investment compared with other short-term plans.

It offers greater liquidity, allowing the city to withdraw money from its account weekly, penalty-free, without locking up investments for months or years.

It also keeps investment dollars in local banks where it can most benefit local communities, state officials said.

STAR Plus offers yield rates up to 0.25 percent, compared with other short-term investment programs that average 0.07 or 0.08 percent, Miller said.

That could add up to meaningful savings for the city, which ranks interest among its top five sources of revenue.

"As soon as I saw it, I knew it was a good fit for the city because we're so small," Miller said. "An extra tenth of a percent really is a big help because all our other revenue sources, after interest income, are really small."

The revenue will be directed to the city's rainy-day fund, which is maintained in case of emergency. The city aims to keep an amount equal to roughly 15 percent of its total yearly expenditures in the fund.

That could free up other revenue to go toward capital improvements, with which the city has struggled to keep up.

In the fall, the city will ask taxpayers to renew the existing parks levy to fund a range of capital projects.

"In the city of Powell, we're always looking for ways to fund capital improvement," Miller said. "Right now, our tax base covers our general operating expenses, but we don't have anything for capital improvements."

The liquidity of the account means the city can quickly and easily withdraw money in case of emergency, she said.

STAR Plus directs investment dollars to federally insured banks, relieving the banks of the need to insure investments made



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through the program. That allows the banks to offer higher interest rates.

It also directs investments to local banks, which supply capital to small-business owners who in return stimulate local economies, said state Treasurer Josh Mandel.

"We think it's a win-win-win," Mandel said. "For taxpayers, it increases the amount of money that can be used to fund the school and libraries and senior centers. It's a win for the cities because it maintains security of their tax dollars. And it's a win for small businesses because it keeps local dollars in the community banks that can then be lent to them."

The city may look at options to invest more money through the program in the future, Miller said.

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