



JOSH MANDEL
STATE TREASURER OF OHIO

April 27, 2011

Wednesday, 1 June 3:17

Minutes of the meeting of the State Board of Deposit held April 27, 2011 at 10:00 a.m. in the Office of the Treasurer of State.

MEMBERS PRESENT:

Seth Metcalf, representing Treasurer of State Josh Mandel
Kim Murnieks, representing Attorney General Mike DeWine
Brenda Rinehart, representing Auditor of State Dave Yost

OTHERS PRESENT:

Bill Bishilany, Treasurer of State
Jennifer Day, Treasurer of State
Gordon Short, Treasurer of State
Mike Fracassa, Treasurer of State
Sue Hamilton, Attorney General
Denise Blain, Treasurer of State
Seth Unger, Treasurer of State
Brock Miskimen, Treasurer of State
Tyler Brown, Treasurer of State
Stacey Cumberlander, Secretary

The Secretary of the State Board of Deposit has complied with section 135-1-01 of the Administrative Code concerning notice of the meetings of the State Board of Deposit.

Mr. Metcalf asked for a motion that the reading of the minutes of the State Board of Deposit meeting held March 24, 2011, which had previously been distributed to the members be dispensed and that the minutes be approved. Ms. Murnieks made the motion to approve the minutes and Ms. Rinehart seconded. The motion was approved. .

OLD BUSINESS

There was no old business to come before the board.

NEW BUSINESS

ECONOMIC OUTLOOK / INVESTMENT

Mr. Short presented an overview of the investment philosophy. The investment objectives are preservation of principal, maintenance of liquidity and to maximize return. The Federal Funds target rate remains flat at 0-.25%. The Federal Funds rate will continue to remain flat due to subdued inflation and elevated unemployment. Core CPI (Consumer Price Index) is the primary measure of inflation. Core CPI came in lower than expected at 0.1%, but remained flat month over month. Core PPI (Producer Price Index) data for March 2011 came in at 0.3%. Ohio housing data for March 2011 came in at 7,942 units compared to 8,655 units in March 2010 showing a slight decrease of 8.4%. The monthly sales price was also down 11.5% to \$113,361 compared to \$128,041 in March 2010. Mortgage applications were positive for the month of March while mortgage rates remained flat. Housing starts were up 7.2% in March compared to a decrease of 22.5% in February. Unemployment for March fell to 8.8% from the 8.9% reported for the month of February. Ohio's unemployment rate for March was 8.9% compared to the 9.2% reported for February. The number of unemployed persons, according to the Bureau of Labor Statistics, stood at 13.5 million for March. The number of unemployed workers in Ohio in March was 526,000 down from 542,000 reported in February. The strategy is to cautiously balance safety, liquidity and yield by investing in short term securities.

Under new business Jennifer Day, Chief Operations Officer for the Treasurer's office, presented to the Board information regarding the integrated warrant processing system contract and upcoming RFP. As a result of internal discussions the office would like to bring the contract for this system under the Board of Deposit. It currently falls under the Treasurer's office but the office would like it to fall under the other banking services agreement as a lockbox service and be approved by the Board. The contract is up June 30, 2011. The office would like to put out an RFP within the next couple of weeks which will then give the banks a couple of weeks to respond to the RFP. The Board would like the other members to designate a representative to review the responses and assist with a decision so that the approval can take place at the June 2011 meeting with the contract in place by July 1, 2011. This contract would be in effect from July 1, 2011 through June 30, 2012 at which time it would then be on schedule with the other bank designations. .

RATIFICATION OF THE INTERIM FUNDS

Mr. Metcalf asked for a motion for the Board to ratify \$8,212,797,884.29

as interim funds for March 2011. Ms. Rinehart moved and Ms. Murnieks seconded. Motion carried.

CERTIFICATION OF BOARD EXPENSES

In accordance with Section 135.02 of the Ohio Revised Code, the Chairman and the Secretary of the State Board of Deposit certified that the necessary expenses of the Board which represent KeyBank banking fees for March 2011 were \$115,441.39. KeyBank Trust banking fees for March 2011 were \$8,179.24. OAKS voucher processing / printing fees were \$2.10 and OAKS voucher processing / postage fees were \$2.58. Ms. Rinehart made a motion to authorize the Chairman to pay these expenses from the appropriations for that purpose. Ms. Murnieks seconded. .

There being no further business to come before the Board, Mr. Metcalf adjourned the meeting.

JOSH MANDEL, TREASURER OF STATE
CHAIRMAN, STATE BOARD OF DEPOSIT

ATTEST _____
SECRETARY

ATTORNEY GENERAL _____