



TREASURER OF STATE

January 24, 2008

Monday, 25 February 2008 07:13

Minutes of the meeting of the State Board of Deposit held Thursday
January 24, 2008 at 10:00 a.m. in the office of the Treasurer of State.

MEMBERS PRESENT:

Richard Cordray, Treasurer of State (Chair)
Thomas Winters, representing Attorney General Marc Dann
Tim Keen, representing Auditor of State Mary Taylor

OTHERS PRESENT:

Christina Haddad, Auditor of State
Chris Glaros, Treasurer of State
Sue Hamilton, Treasurer of State
Jennifer Day, Treasurer of State
Holly Hollingsworth, Treasurer of State
Bob Newman, Treasurer of State
Leesa Brown, Treasurer of State
Michael Sawczyn, Treasurer of State
Charlie Luken, Calfee
Nikki O'Reilly, US Bank
Lara Deleone, KeyBank
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.

Treasurer Cordray moved that the reading of the minutes of the State
Board of Deposit meeting held December 20, 2007 which had previously
been distributed to the members be dispensed and that the minutes be
approved. Mr. Keen approved and Mr. Winters seconded. The motion
carried.

OLD BUSINESS

Under old business an update was given of the FDC (First Data Corp) project. Conversion from FDC has been fully implemented. All transactions are being handled in house. There will be one more bill for programming charges of data conversion presented for approval at the February 2008 meeting.

Also under old business a resolution was presented to the board regarding bank contract review figures found to be owed the State of Ohio from service fee and earnings credits errors, during the period of July 2004 through May 2007. Mr. Keen approved and Mr. Winters seconded.

NEW BUSINESS

ECONOMIC OUTLOOK / INVESTMENT

Investment Director Bob Newman presented an overview of the investment philosophy. The Federal Funds rate is at 4.25%. On January 16, 2008 the Federal Funds market reflected a 100% chance of a decrease of the fed funds rate of 4.25% at the January 30, 2008 (FOMC) Federal Open Market Committee meeting. The housing market is expected to remain weak throughout 2008 as new and existing home sales have declined an estimated 50%. Core CPI increased 0.2% in the month of December. The unemployment rate rose 0.3% in November 2007 to a national average of 5.0%. In summary, the recent credit market turmoil driven by a dislocation in the sub-prime housing sector will slow aggregate economic growth in the U.S. over the coming months. We anticipate a further reduction to the federal funds rate at the January 2008 and March 2008 (FOMC) Federal Open Market Committee meeting. The strategy is to continue to add value and position the portfolio in line with near term expectations on interest rates.

RATIFICATION OF THE INTERIM FUNDS

Treasurer Cordray moved for the Board to ratify \$5,427,175,616.26 as interim funds for December 2007. Mr. Winters 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 FDC ACH banking fees for November 2007 were \$30,900.00. KeyBank Trust banking fees for November 2007 were \$11,339.89. KeyBank regular banking fees for December 2007 were \$26,921.66. KeyBank banking fees for Highway Patrol were \$239.35 for October-December 2007. PNC banking fees were \$302.12 for November 2007. National City banking fees for November 2007 were \$12.71. Charter One banking fees were \$205.80 for November 2007. US Bank banking fees were \$515.62 for

October-November 2007 and Fifth Third banking fees were \$119.02 for October-November 2007. The Board authorized the Chairman to pay these expenses from the appropriations for that purpose.

Prior to adjourning Treasurer Cordray mentioned that a draft of the RFP for bank designations will be circulated to the board members Friday January 25, 2008. The board members will have three to four days to submit comments and suggestions. The RFP will be issued by the end of the month, January 2008. The banks will be given more time to respond to this RFP. The questions are more specific and practical which will help in the evaluation process. The proposed plan is to convene March 17, 2008 then adjourn and handle designations at a session after this date.

There being no further business to come before the Board, Treasurer Cordray moved to adjourn. Motion carried. Meeting adjourned.

RICHARD CORDRAY, TREASURER OF STATE
CHAIRMAN, STATE BOARD OF DEPOSIT

ATTEST _____
SECRETARY

ATTORNEY GENERAL _____

AUDITOR OF STATE _____