



STATE BOARD OF DEPOSIT

STATE OF OHIO

Members:

Robert Sprague, Chairman
Treasurer of State

Dave Yost
Attorney General

Keith Faber
Auditor of State

Minutes of the meeting of the State Board of Deposit held October 5, 2022, which started at 10:30 a.m. in the Office of the Ohio Treasurer of State, 10th Floor Training Room, Rhodes State Office Tower.

MEMBERS PRESENT:

Robert C. Sprague, Treasurer of the State of Ohio
Dave Yost, Ohio Attorney General
Tim Keen, representing Auditor of State Keith Faber

OTHERS PRESENT:

Jody Foltyn, Chief of Staff, Treasurer of State
Marjorie Kruse, Deputy Treasurer
Jennifer Day, Treasurer of State
Jane Wolfe, Treasurer of State
Jay Easterling, Ohio Attorney General's Office
Harold Anderson, Secretary
Brittany Halpin, Treasurer of State
Paul Thies, Treasurer of State
Walt Myers, Treasurer of State
Stacey Cumberlander, Treasurer of State
Zach Prouty, Treasurer of State
Elizabeth Meade, Treasurer of State
Jennifer Wilson, Treasurer of State
Laura Martine, Treasurer of State
Bill Beagle, Treasurer of State
Kate Millen, Treasurer of State

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.

Chairman Sprague asked for a motion that the reading of the minutes from the State Board of Deposit meeting held October 5, 2022, which was previously distributed to the members, be dispensed and that the minutes be approved. Mr. Sprague made the motion to approve the minutes and Attorney General Yost seconded. Motion carried (3-0).

Mr. Sprague started the meeting with remarks, stating that he wished to address the Board about environmental, social, and governance criteria or ESG. Mr. Sprague noted that while the acronym might have been in the financial and corporate lexicon for more than two decades, it remains grossly ill-defined and subjective which makes it a perfect target for exploitation, especially in light of its explosive growth over the last few years. Unfortunately, that is what has happened with ESG criteria. It has been weaponized by Washington, D.C. regulators and the people in politics to exact sweeping policy reforms, especially in the environmental and energy sectors. This has circumvented the legislative process and skirted accountability that occurs through the legislative process. Today's ESG activism has prioritized political ideology over sound financial management and over investment returns. Mr. Sprague stated that it is important to make clear to the Board of Deposit that when it comes to responsibility over the state portfolio, the objectives are limited to the following: 1) safety of

principal, 2) preservation of liquidity and the liquidity needs of the state, and 3) yield of the investment. That means that the focus is on keeping taxpayer dollars safe, that is the good stewardship portion of the office's mission. Ensuring that money is accessible when it's needed, that is the liquidity portion of the office's mission. And that the office is maximizing returns for Ohioans. And if someone views the STAR Ohio yields, the office is doing a good job in maximizing returns for Ohioans and our local governments. These objectives are spelled out in the statement of investment policy, and they have been a winning strategy for Ohio and the Treasurer's office. When selecting investments, the investment policy expressly prohibits the additional consideration of non-financial factors with the sole objective of furthering environmental, social, political, personal, or ideological causes. Whatever new buzzword or acronym it may go by, these radical, risky, and politicized investment strategies have no place in the state's portfolio. All of the Board of Deposit members have served as auditors or in auditor's offices and know better than anyone that sunshine is the best disinfectant. The investment policy along with the monthly report of all of the state's investment holdings are posted to the Treasurer's office public website. He noted that the holdings report is separately distributed to the Board of Deposit members twice a month.

Mr. Sprague said that the office will continue to be transparent in its investment objectives and with the execution of the office's responsibilities. So, when the Board is asked to ratify the Interim Deposits later in the agenda, the Board can be confident that the investments have been made in accordance with state law and the objectives of the office's investment policy. Not because of what the Treasurer is telling the Board, but because of what the Treasurer's office is showing the Board.

Mr. Yost stated that he appreciated Chairman Sprague's comments and policy priorities. He also concurred that the law requires the Treasurer to do that; but it is good to know that he has thought long and deeply about this issue. This has been a matter of substantial public debate. In fact, outside the Treasurer's Office the state also has duties with reference to the state pension funds for example. That there is a fiduciary duty to the retirees to focus on financial yield and not on other kinds of objectives. Those are properly matters for individual companies to undertake subject to their own shareholders. Or for the government. It is not for the financial sector, as a collusive unit, to join in. He believes there is a fiduciary duty to look at return, and he is glad to hear that the Treasurer's Office is doing that.

Mr. Keen stated that he appreciated the discussion and the commentary.

Mr. Sprague went on to say that he is proud of the investment department and the investment desk. The Treasurer's Office has added a lot of talent to the desk. And the office is putting in Bloomberg machines that check all of the investments before the purchases are made, against the investment policy. Mr. Sprague indicated that the Treasurer's Office has made a lot of investments under the hood (to improve the office's infrastructure).

RATIFICATION OF THE INTERIM FUNDS OF THE STATE OF OHIO

Mr. Sprague moved on to the agenda item related to ratification of Interim Funds. In the packet the Board members received were reports for the months June 2022 through August 2022. The individual full monthly reports were previously sent to the members and were posted on the Treasurer's website. The last page on the investment ratification report from June 2022 through August of 2022 is the amount the Board is being asked to ratify. Mr. Sprague called for a motion to ratify the designation of interim funds in the amount of \$33,045,561,692.08 (thirty-three billion, forty-five million, five hundred sixty-one thousand, six hundred ninety-two dollars and eight cents) for the months of June 2022 through August 2022. Mr. Keen moved to ratify the designation of interim funds and Mr. Yost seconded. The motion carried (3-0).

OLD BUSINESS

There was no old business to bring before the Board.

NEW BUSINESS

The first item of new business was a budget update.

Jane Wolfe, with the Treasurer's office, presented the Board of Deposit budget update for fiscal year 2023. This presentation was for informational purposes only, no motion to approve was required or taken by the Board. Ms. Wolfe indicated that all encumbrances for fiscal year 2023 have been set-up within OAKS for the various banks and expenditures. The banks are paid in arrears, so the liquidated amount (in the report) is for the July 1, period of fiscal year 2023 period. The office is on track to fulfill all of the Board's obligations with the budget that has been given by the Office of Budget and Management. There were no questions from the Board members.

Mr. Sprague indicated that he would provide a brief legislative update. He stated that the Treasurer's office is pursuing a few statutory changes that will impact the Board of Deposit. All of the changes have been previously discussed with the Board members' legislative staff. The changes are part of a larger effort by the Treasurer's office to ensure that the statute accurately reflects and further supports the modern operation and efficiency of the Treasurer's office. The office will continue to work closely with the Board members' offices in the coming weeks and Mr. Sprague encouraged the other Board members to let his staff know should there be any questions or concerns. The Board members' offices have informed the Treasurer's office of their concerns in the past, and the Treasurer's office staff members are working on those issues. No action was required on this topic. Mr. Sprague opened the floor to entertain any comments or questions from the Board members.

Mr. Yost commended Treasurer Sprague for looking to modernize the Treasurer's office. He stated that, to his knowledge, Treasurer Sprague has been the most studious of Ohio's Treasurers during his career in personally learning about state-of-the-art practices. And he stated he is glad to see Treasurer Sprague proposing these changes to the legislature. He also thanked him for communicating personally with his staff and to him; and for answering their questions.

Mr. Sprague thanked Mr. Yost for his comments and stated that he is looking forward to working with the Board of Deposit members to make sure that the statute is good and that it accurately modernizes the office and takes into account the concerns that people have expressed about the Board of Deposit.

Mr. Keen said that he appreciated the outreach, discussion, and review of the language. He commended the office for undertaking that review. Statutes have been passed in various periods of time and do not necessarily contemplate a lot of the changes in finances and technology and practices in the industry. So, he believes it to be a very worthwhile exercise. And the Auditor's office is supportive of the changes that the Treasurer's office staff members have advanced and discussed with the Auditor's office.

Mr. Sprague recognized the legislative team, because the proposed legislation encompasses efforts across the Treasurer's office, not just the Board of Deposit, but also the trust department, the investment department and so on and so forth. Mr. Sprague thanked the staff and in particular Deputy Treasurer Marj Kruse. Mr. Sprague thanked the entire team for what they have done, working hard on all of this language.

Additional new business before the Board: one resolution, 2022-04, was presented to the Board for approval.

**STATE BOARD OF DEPOSIT
RESOLUTION – 2022-04**

October 5, 2022

WHEREAS, the Treasurer of State, on behalf of the State Board of Deposit, solicited applications from eligible financial institutions to be designated as public depositories of the public moneys of the state; and

WHEREAS, the Treasurer of State has received additional applications from eligible financial institutions desiring to be designated as public depositories of interim deposits of the public moneys of the state for the period commencing July 4, 2022, and ending on June 30, 2024; and

WHEREAS, the Treasurer of State has reviewed such applications and determined that each satisfies the requirements of Chapter 135 of the Ohio Revised Code.

THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF DEPOSIT:

The attached list of financial institutions set-forth in Exhibit A are hereby designated as public depositories of the public moneys of the state, for interim deposits only, for the period commencing July 4, 2022, and ending on June 30, 2024. The attached Exhibit A shall be incorporated herein by reference.

*Robert Cole Sprague, Chairman
Treasurer of State*

*Dave Yost
Attorney General*

*Keith Faber
Auditor of State*

**EXHIBIT A
(Resolution BOD 2022-04)
October 5, 2022**

Name of Financial Institution:

*Monroe Federal Savings and Loan Association
The Home Loan Savings Bank
First Merchants Bank*

Mr. Sprague asked for a motion to approve the resolution for the banks listed in the attachment to be public depositories for interim funds for the period beginning July 4, 2022, and ending on June 30, 2024. Mr. Keen made a motion to approve, and Mr. Yost seconded. The motion carried (3-0).

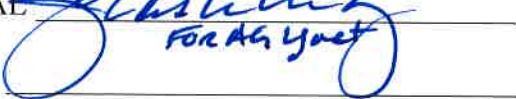
Ms. Kruse addressed the Board to share that she has received information from Rea and Associates, who perform agreed upon procedures on the Board of Deposit. She received a report from them that there were no findings or exceptions and that everything is in order.

There being no further business to come before the Board, Mr. Sprague made a motion to adjourn which was seconded by Mr. Yost. The motion carried (3-0).

Mr. Sprague adjourned the meeting.


ROBERT SPRAGUE, TREASURER OF STATE
CHAIRMAN, STATE BOARD OF DEPOSIT

ATTEST: 
SECRETARY

ATTORNEY GENERAL 
AUDITOR OF STATE 



STATE BOARD OF DEPOSIT STATE OF OHIO

Members:
Robert Sprague, Chairman
Treasurer of State
Dave Yost
Attorney General
Keith Faber
Auditor of State

STATE BOARD OF DEPOSIT RESOLUTION – 2023-01

May 16, 2023

WHEREAS, the Treasurer of State, on behalf of the State Board of Deposit, solicited applications from eligible financial institutions to be designated as public depositories of the public moneys of the state; and

WHEREAS, the Treasurer of State has received additional applications from eligible financial institutions desiring to be designated as public depositories of interim deposits of the public moneys of the state for the period commencing July 4, 2022, and ending on June 30, 2024; and

WHEREAS, the Treasurer of State has reviewed such applications and determined that each satisfies the requirements of Chapter 135 of the Ohio Revised Code.

THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF DEPOSIT:

The attached list of financial institutions set-forth in Exhibit A are hereby designated as public depositories of the public moneys of the state, for interim deposits only, for the period commencing July 4, 2022, and ending on June 30, 2024. The attached Exhibit A shall be incorporated herein by reference.

Robert Cole Sprague, Chairman
Treasurer of State

Dave Yost
Attorney General

Keith Faber
Auditor of State

EXHIBIT A
(Resolution BOD 2023-01)
May 16, 2023

Name of Financial Institution:

Belmont Savings Bank
Somerville Bank