



TREASURER OF STATE

March 17, 2008

Thursday, 24 April 2008 10:25

Minutes of the meeting of the State Board of Deposit held Monday March 17, 2008 at 8:30 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
Amy Minardo, Treasurer of State
Sue Hamilton, Treasurer of State
Jennifer Day, Treasurer of State
Holly Hollingsworth, Treasurer of State
Bob Newman, Treasurer of State
Sheryl Klein, Treasurer of State
Flite Freimann, Calfee
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 February 25, 2008 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

There was no old business to discuss.

NEW BUSINESS

ECONOMIC OUTLOOK / INVESTMENT

Investment Director Bob Newman presented an overview of the investment philosophy. The Federal Funds rate is at 3.0%. The Federal Funds is forecasted to be reduced to 2.0%. Reductions to the Federal Funds rate have not changed short term progress in expanding liquidity in the credit markets. As a result, the Federal Reserve has modified existing monetary programs as well as broadened its securities lending services to release 200 billion in treasury notes to be loaned for four weeks to further strengthen market liquidity. Existing and new home sales decreased. Fourth quarter 2007 mortgage delinquencies were at 5.82% which is a 4.1% rise in the delinquency rate over the third quarter. We anticipate a further reduction to the federal funds rate at the March 2008 and April 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.

Under new business the following banks were presented to the Board for approval to become an interim state depository;

First Bank of Berne, Van Wert, Ohio
Home Savings Bank, Kent, Ohio
The Citizens Bank, Higginsport, Ohio

Mr. Winters approved and Mr. Keen seconded.

Also under new business the following resolution was presented to the Board;

RESOLUTION

Upon a motion and seconding motion, the State Board of Deposit hereby approves and ratifies the following selection of an Independent Public Accountant (IPA) for the purpose of completing the annual audit of the State Board of Deposit for state fiscal year 2007 through state fiscal year 2011.

KENNEDY COTTRELL RICHARDS

The State Board of Deposit further authorizes the Treasurer of State as Chairman of the Board of Deposit to enter into a contract on behalf of the State Board of Deposit with the IPA and the Auditor of State, pursuant to the Auditor of State's IPA selection process.

Mr. Winters approved and Mr. Keen seconded.

For informational purposes only, Mr. Keen discussed the need to review the budget language for the Board of Deposit. Currently the appropriations are intended for the payment of banking fees. There is a need to seek legislative change to the budget corrections bill that would authorize appropriated funds to be used for payment of banking fees as well as the payment of the audit fees. Mr. Keen is willing to assist the Treasurer's office with this amendment to the current language.

RATIFICATION OF THE INTERIM FUNDS

Treasurer Cordray moved for the Board to ratify \$4,261,807,018.65 as interim funds for February 2008. Mr. Keen approved and 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 regular banking fees for February 2008 were \$90,601.18. KeyBank Trust banking fees for January 2008 were \$9,982.12 and \$9,962.55 for February 2008. PNC banking fees were \$275.10 for January 2008. National City banking fees (DNR Cambridge) for January 2008 were \$19.41. Charter One banking fees were \$206.71 for January 2008. Fifth Third banking fees (DNR Wapakoneta) were \$59.95 for January 2008. KeyBank banking fees for (State Highway Patrol Drop) for January 2008 were \$85.73 and \$82.21 for February 2008. Mr. Winters authorized the Chairman to pay these expenses from the appropriations for that purpose. Mr. Keen seconded.

There being no further business to come before the Board, Treasurer Cordray moved to adjourn to an adjourned session to handle the designations of depositories. Motion carried. Meeting adjourned.

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

ATTEST _____
SECRETARY

ATTORNEY GENERAL _____

AUDITOR OF STATE _____