



STATE BOARD OF DEPOSIT

STATE OF OHIO

Members:
Josh Mandel, Chairman
Treasurer of State

Mike DeWine
Attorney General

Dave Yost
Auditor of State

Minutes of the meeting of the State Board of Deposit held May 26, 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: 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
David Baird, Bank of New York
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 April 27, 2011, which had previously been distributed to the members be dispensed and that the minutes be approved. Ms. Rinehart made the motion to approve the minutes and Ms. Murnieks seconded. The motion was approved.

OLD BUSINESS

Under old business an update was given to the board members on the warrant processing RFP. There were (3) banks Key Bank, US Bank and Huntington Bank, that responded to the RFP. The board members received a packet of information which included the responses from each bank, a copy of the RFP as well as an evaluation / scoring sheet. The board members were asked to review the responses and score them by June 10, 2011 and send back to the Treasurer's office at which time the scores for all members would be combined to come up with the bank to be awarded the contract. The goal is to present this information at the June 23, 2011 Board of Deposit meeting for approval. Also under old business the quarterly Board of Deposit budget update was presented to the board members.

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. The Consumer Price Index (CPI) increased to 0.4% in April due to higher energy prices. Core PPI (Producer Price Index) data for April 2011 came in at 0.3%. Ohio housing data for April 2011 came in at 8,279 units compared to 10,427 units in April 2010 showing a decrease of 20.6%. The monthly sales price was also down 4.7% to \$124,009 compared to \$130,162 in April 2010. Mortgage applications fell 1% for the month of April while mortgage rates fell to the lowest levels in 6 months. Unemployment for April rose to 9.0% from the 8.8% reported for the month of March. Ohio's unemployment rate for April was 8.6% compared to the 8.9% reported for March. The number of unemployed persons, according to the Bureau of Labor Statistics, stood at 13.7 million for April. The number of unemployed workers in Ohio in April was 509,000 down from 527,000 reported in March. The strategy is to cautiously balance safety, liquidity and yield by investing in short term securities.

RATIFICATION OF THE INTERIM FUNDS

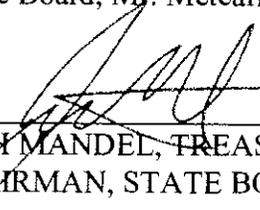
Mr. Metcalf asked for a motion for the Board to ratify \$6,961,814,881.27 as interim funds for April 2011. Ms. Murnieks moved and Ms. Rinehart seconded. Motion carried.

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 April 2011 were \$151,953.25. KeyBank Trust banking fees for April 2011 were \$8,291.17. Treasurer of State tax manager fees were \$46,875.01 for January – March 2011. Ms. Murnieks made a motion to authorize the Chairman to pay these expenses from the appropriations for that purpose. Ms. Rinehart seconded. Motion carried.

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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

AUDITOR OF STATE



