



**JOSH MANDEL**  
STATE TREASURER OF OHIO



# STAR Update

## June 23, 2015

**Zach Amendolea, *Investment Associate***

**Jason Click, *President Public Funds Administrators***

If you are having technical difficulties, please call

Go To Webinar at (800) 263-6317

# CPIM Eligibility

½ hour of  
CPIM credit

Must stay on  
for entire  
presentation

Your  
information  
will be sent to  
CPIM





**OMAP**  
Ohio Market Access Program



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# Ohio Market Access Program

- Credit enhancement program
- Helps municipal issuers lower borrowing costs
- Leverages the state's credit rating (SP-1+)\*
- Visit [www.tos.ohio.gov/OMAP](http://www.tos.ohio.gov/OMAP) for more information.

\*Standard & Poor's highest municipal short-term note rating



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# SHINING SUNLIGHT ON SPENDING

**OHIOCHECKBOOK.COM**

- Free and Voluntary Partnership to host, post and display local government checkbooks
- Moves static financial data into a user friendly and searchable format
- Please email [PublicAffairs@tos.ohio.com](mailto:PublicAffairs@tos.ohio.com) for more information



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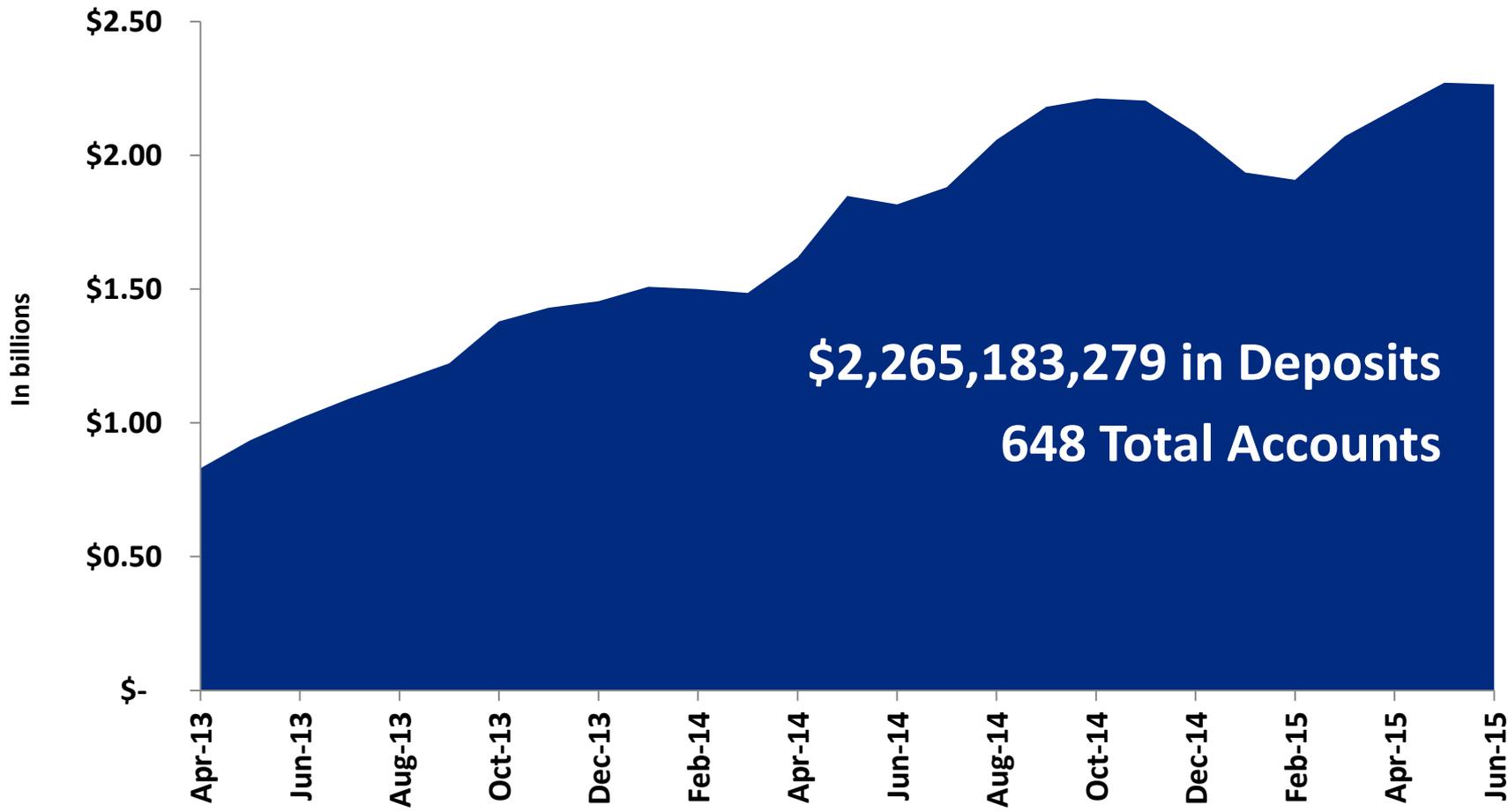
**STAR** *Plus*  
Federally Insured Cash Account<sup>SM</sup>



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# Over \$2.25 Billion in Deposits



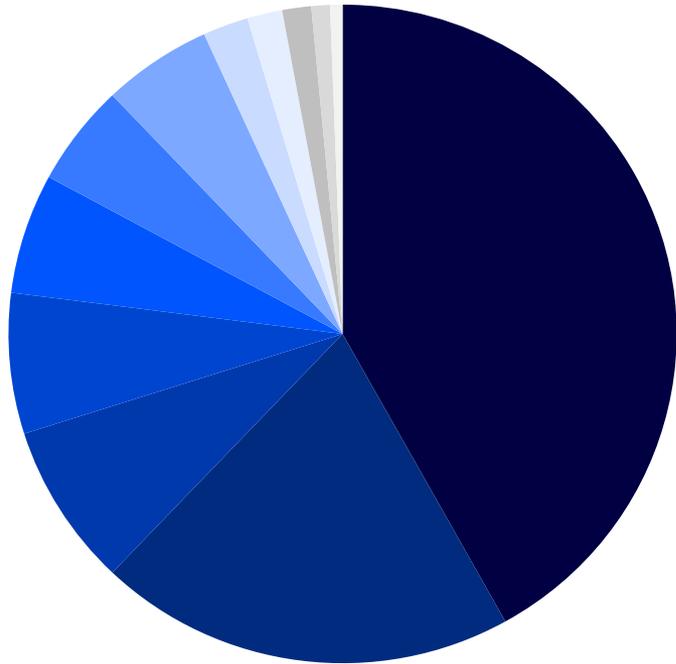
Data as of 06/01/2015



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# Over 648 Participants



- Schools- 42%
- Cities- 20%
- Higher Education- 8%
- Counties- 7%
- Miscellaneous- 6%
- Libraries- 5%
- Townships- 5%
- Joint Vocational Schools- 2%
- Villages- 2%
- Transit/ Port Authorities- 1%
- Parks- 1%
- Hospitals/ Medical Centers- 1%

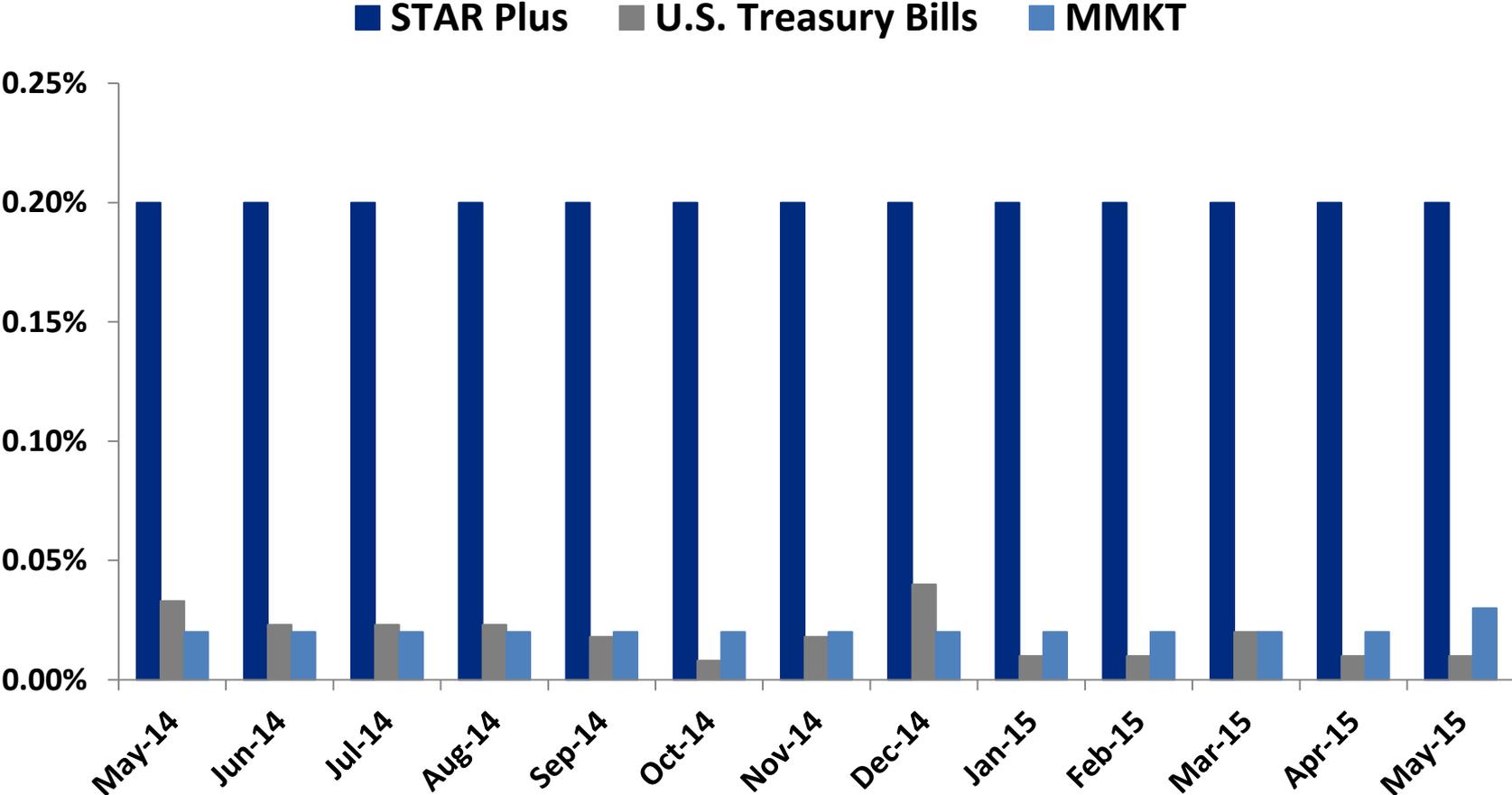
Data as of 05/29/15



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# STAR Plus Yield History



Past performance is not a guarantee of future results. Current yield may change without notice due to changes in market or business conditions.



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# STAR Plus Program Reminders

- Minimum to open decreased to \$250,000
- Daily cutoff times increased from 9 a.m. to 10 a.m.
- Twice weekly liquidity
- Deposit Maximum Increased...



# Deposit maximum increased to

**\$35 MILLION**





**Local Government Investment Pool  
Managed By The State Treasurer of Ohio**



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# SB 287

## Effective September 4, 2014

- Changes to Ohio Revised Code sections 135.143, 135.35, and 135.14

## Who does this affect?

- State Treasury
- Counties
- Political Subdivisions



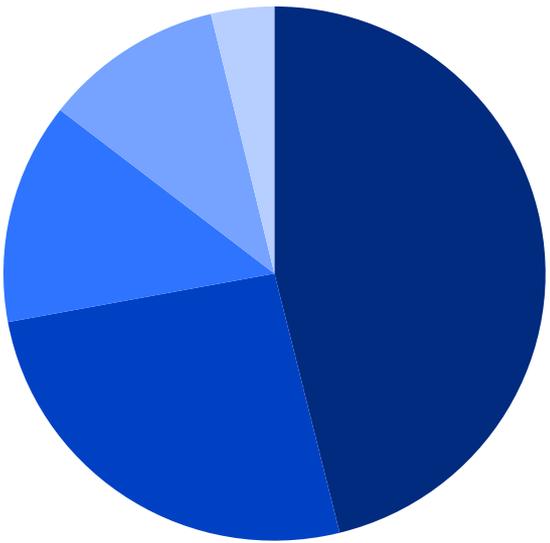
## Significant changes to 135.143 include:

- Expanded ability to invest in Municipal Bonds
- Enhanced capacity to invest in Commercial Paper
- Minimized issuer risk by limiting Commercial Paper and/or other Corporate Obligations single issuer exposure to 5%
- Modernized permissible Money Market Fund language



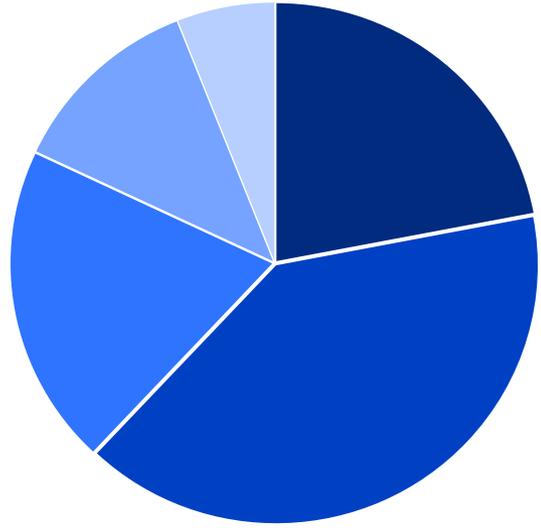
# SB 287 Effects on STAR Ohio Composition

6/30/2014



- Gov't Bond- 46%
- Repo- 13%
- Corporate Bond- 4%
- Commercial Paper- 26%
- Cash- 11%

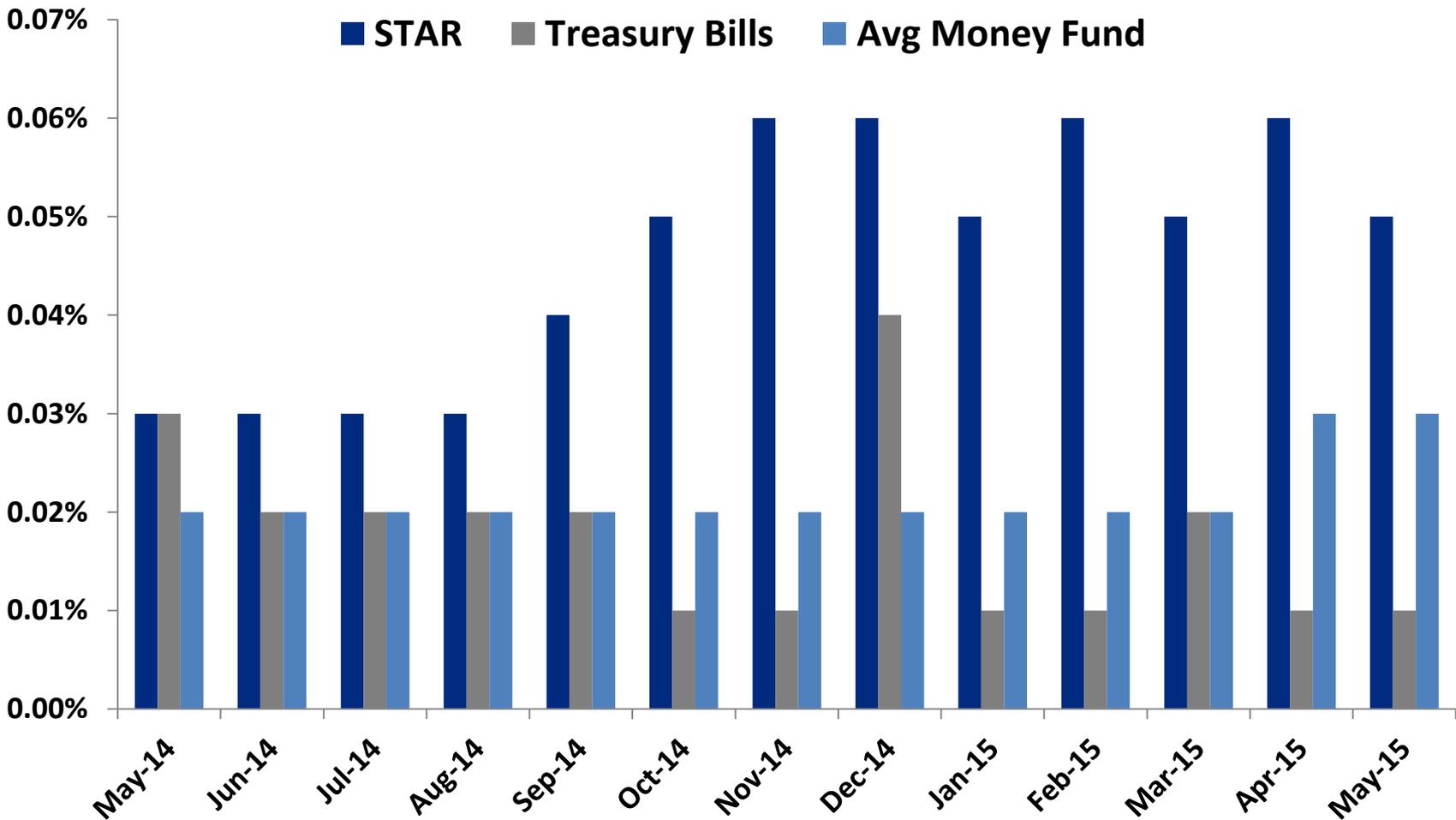
5/31/2015



- Gov't Bond- 22%
- Repo- 20%
- Corporate Bond- 6%
- Commercial Paper- 40%
- Cash- 12%



# STAR Ohio Yield vs. Treasury



Past performance is not a guarantee of future results. Current yield may change without notice due to changes in market or business conditions.



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# STAR Ohio Program Reminders

- Inform Client Services 24 hours in advance if deposits or redemptions will exceed \$25 million in one day
- Update Authorized Signers and all payee instructions
- Incoming wires to STAR Ohio must be received by fund close
- Visit [www.starohio.com](http://www.starohio.com) for:
  - Updated Forms
  - Online Statements
  - Account Applications
  - Dates of holidays and early fund close

**Questions? Need Online Access?  
Call STAR Ohio Client Services at  
1-800-648-7587.**



# Market Update



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# Interest Rate Environment



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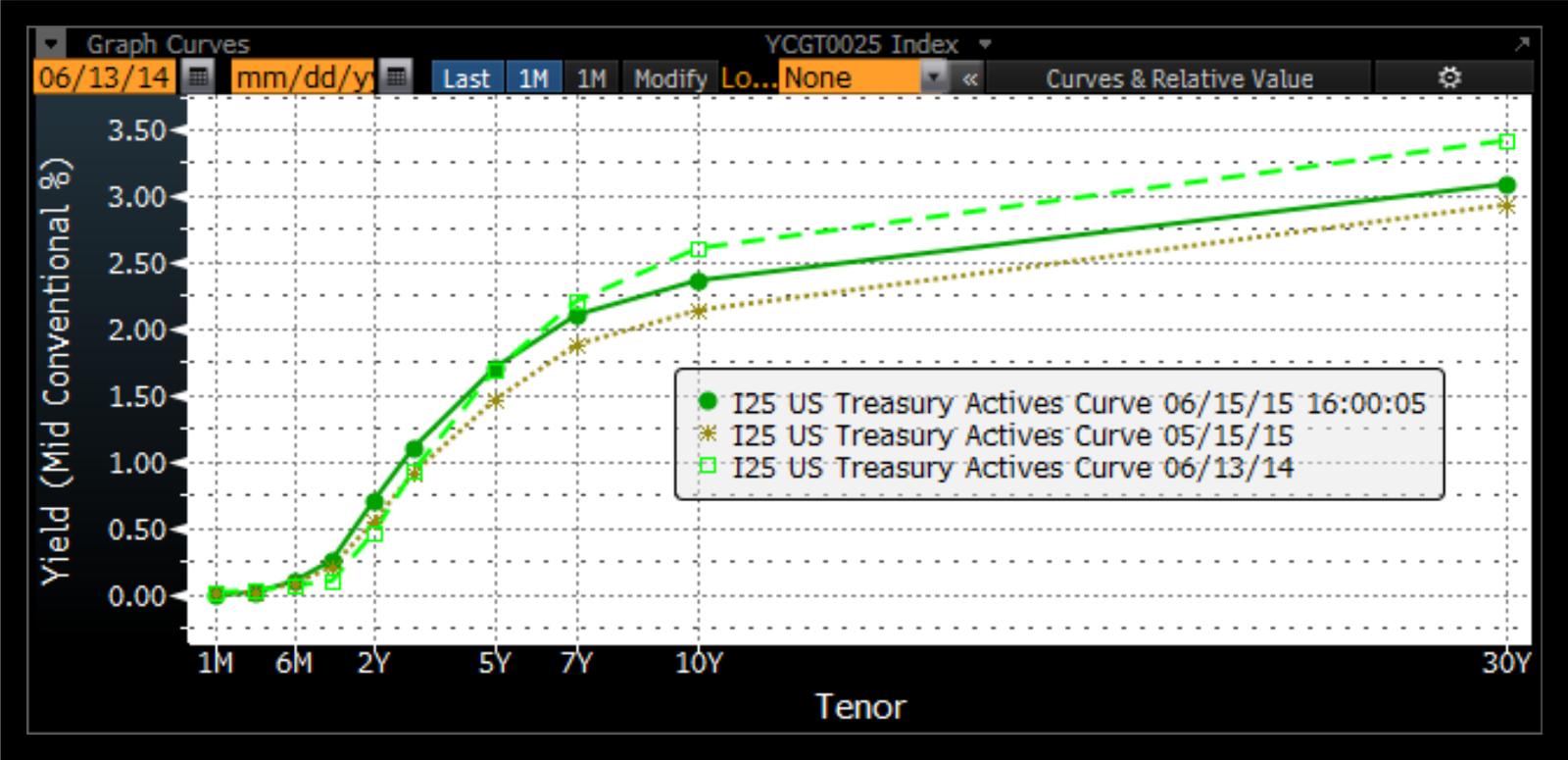
# Interest Rate Environment

- Despite recent volatility Interest rates remain at historically low levels
- Monetary policy remains accommodative
- U.S. economic recovery continues



# Interest Rate Environment

Over the past year, rates trended downwards, but are up in May



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# U.S. Economic Data



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# U.S. Economic Factors

- Employment
  - May unemployment rate at 5.4%
  - Lowest rate since June of 2008
  - Participation lowest since 1970s
- Inflation
  - April 2015 Core PCE was 1.2%
    - Continues to be below the FOMC threshold of 2%
  - Hourly earnings growth is underwhelming
  - Long-term inflation expectations remain subdued



# U.S. Economic Data

## U.S. Unemployment Rate (3/31/06 – 3/31/15)



# U.S. Economic Data

## U.S. Labor Force Rate (1/31/75 – 3/31/15)



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# U.S. Economic Data

## U.S. Gross Domestic Product (GDP) (3/31/00-3/31/15)



# U.S. Economic Data

- Upcoming economic data releases
  - 6/29 New Home Sales
  - 07/02 Employment Situation
  - 07/08 FOMC Minutes
  - 07/14 Retail Sales



# Outlook



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# Outlook

- Global
  - Economic crisis in the Eurozone has subsided, while structural issues remain
  - Quantitative easing is underway in Eurozone
  - Low yields on European sovereign debt
  - U.S. Treasuries remain a popular investment – “flight to quality”
    - Growth concerns in China and Japan
    - Geo-political issues (e.g., Ukraine, Greece, Middle East)
- U.S.
  - U.S. economy continues to recover at a steady pace, but the majority of FOMC members remain cautiously optimistic
    - Rate hikes will be data dependent and the rate of inflation remains a concern for FOMC members
  - Generally, U.S. consumers feel positive about the economy



# Outlook

- Yields
  - Investors continue to plan and position for a rising interest rate environment
  - In the near-term, daily volatility in interest rates will continue to be driven by headline risk (i.e. FOMC, world events, economic data)
- Other issues
  - Government Sponsored Entity (GSE) reform may have an effect on the supply of investable assets
  - The rising rate environment also may influence the amount of issuance from corporate and public issuers
  - Less liquidity in US Treasuries



# Questions?



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# Thank You

Thank you for your time today. If you have questions regarding the presentation, please feel free to contact us or the STAR Ohio Co-Administrator Public Funds Administrators (PFA):

Office of Ohio  
Treasurer Josh  
Mandel

(614) 466-3511

Public Funds  
Administrators

(800) 648-7827

