STAR OHIO

State Treasury Asset Reserve of Ohio

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State Treasurer of Ohio

Statement of Investment Policy

Adopted April 18, 2012

State Treasurer of Ohio
STAR Ohio
Statement of Investment Policy

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State Treasurer of Ohio
STAR Ohio
Statement of Investment Policy

Purpose and Scope

State Treasury Asset Reserve of Ohio ("STAR Ohio") is an investment pool managed by the State Treasurer of Ohio. Participation is offered to subdivisions of the State of Ohio as defined in Ohio Revised Code ("R.C.") § 135.45(F)(2)(a), by the State Treasurer of Ohio ("State Treasurer").

The purpose of this policy is to identify the policies that will govern the investment activities of the Office of the State Treasurer of Ohio with regard to the management of STAR Ohio. These policies have been adopted by, and can be changed only by, the State Treasurer.

These policies are designed to ensure the prudent management of public funds, conformance to the Ohio Revised Code, the availability of operating and capital funds when needed, an investment return competitive with comparable funds and financial market indices and the highest rating provided by at least one nationally recognized statistical rating organization as selected by the Office of the State Treasurer of Ohio. The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of STAR Ohio. Exceptions to this policy must be documented in writing and may be made at the discretion of the State Treasurer, Chief Financial Officer or Chief Investment Officer in the event that compliance would conflict with the prudent management of public funds.

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

Definitions

Banker's Acceptance
A banker's acceptance is drawn on and accepted by banks, which are obligated to pay the face value amount at maturity.

Certificate of Deposit (CD)
An interest-bearing time deposit of fixed maturity at a depository bank. Certain deposits are FDIC insured up to applicable limits.

Commercial Paper
An unsecured, short-term debt instrument issued by a corporation or financial company at a discount.

Eligible Counterparties
An Ohio financial institution that is a member of the Federal Reserve System, a Federal Home Loan Bank or any recognized United States government securities dealer or any other institution as permitted by R.C. § 135.143.

Federal Deposit Insurance Corporation (FDIC)
Federal Deposit Insurance Corporation as established in 12 United States Code §1811.

Government Sponsored Enterprise (GSE)
Enterprises that are chartered by Congress to fulfill a public purpose, but are privately owned and operated, and are implicitly guaranteed (i.e., Fannie Mae, Freddie Mac, Federal Home Loan Bank and the Federal Farm Credit Bank) or explicitly guaranteed (i.e., Ginnie Mae) by the "full faith and credit" of the U.S. government.

London Interbank Offer Rate (LIBOR)
LIBOR is derived from a filtered average of the world's most creditworthy banks' interbank deposit rates for larger loans with maturities between overnight and one full year.

Mortgage Backed Securities (MBS)
An ordinary bond backed by an undivided interest in a pool of mortgages or trust deeds.

Nationally Recognized Statistical Rating Organization (NRSRO)
A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

Net Asset Value (NAV)
NAV is a fund's price per share, or per each dollar invested. NAV per share is computed once a day based on the closing market prices of the securities and is calculated by dividing the total value of the fund's portfolio, less any liabilities, by the number of fund shares outstanding.

Perfected Security Interest
A security interest that is perfected pursuant to the requirements set forth by R.C. Chapter 1309 and 12 United States Code § 1823(e).

Repurchase Agreements
An agreement with a commitment by the seller (dealer) to buy a security back from the purchaser (customer) at a specified price at a designated future date. The agreement represents a collateralized, short-term loan where the collateral may be a Treasury security, money market instrument or federal agency security.

Reverse Repurchase Agreements
The other side of a repurchase transaction. A customer sells a group of securities to a broker-dealer under the provision that the broker-dealer will buy them back by a predetermined date for a specified price. The agreement represents a collateralized, short-term loan where the collateral may be a Treasury security, money market instrument or federal agency security.

Standard & Poor's (S&P)
A United States based financial services company and the NRSRO that provides the annual credit rating for STAR Ohio.

Traditional Collateral
U.S. Government and U.S. Government agency securities, including Treasuries and agency discount notes.

U.S. Treasury Obligations
U.S. Treasury securities guaranteed by the full faith and credit of the U.S. Government.

Uniform Commercial Code
The Uniform Commercial Code as defined in Ohio Revised Code Title 13.

Weighted Average Maturity (WAM)
The average time that it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.

Investment Objectives

The STAR Ohio portfolio shall be managed to accomplish the following hierarchy of objectives:

1. *Preservation of Principal* – Safety of principal is the foremost objective of the investment program. This is evidenced by maintaining the 'AAAm' rating from S&P. Investments of STAR Ohio shall be undertaken in a manner that seeks to insure the stable NAV of $1.00 per share. At no time will the safety of the portfolio's principal be impaired or jeopardized. Safety means the certainty of receiving full par value plus accrued interest, at the security's legal final maturity.

2. *Maintenance of Liquidity* - The STAR Ohio investment portfolio will remain sufficiently liquid to enable the fund to meet all operating requirements. Portfolio liquidity means the ability to sell a security on short notice near the par value of the security. To help retain the desired liquidity, no issue shall be purchased that is likely to have few market makers or poor market bids. Additionally, liquidity shall be assured by keeping an adequate amount of short-term investments in the portfolio to accommodate the cash needs of the fund.

3. *Maximize Return* - The STAR Ohio portfolio shall be structured with the objective of attaining a market rate of return, taking into account the risk constraints and the cash flow characteristics of STAR Ohio participants.

Delegation of Authority

The State Treasurer is responsible for the prudent investment of STAR Ohio. The Chief Investment Officer is responsible for the implementation of the investment program and the establishment of investment procedures consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Investment Officer. The Chief Investment Officer shall be responsible for all transactions undertaken, shall establish a system of controls to regulate the activities of subordinate officials and shall exercise control over that staff. Investment staff shall be bonded in amounts appropriate to levels of responsibility and portfolio characteristics. The State Treasurer may engage one or more outside firms to assist with the administration and investment management of the STAR Ohio portfolio. Should any firm be hired to provide advice or assistance with regard to the management of the STAR Ohio portfolio, that firm shall be a registered investment advisor under the Investment Company Act of 1940 and have extensive experience in the investment management of money market funds and state and local government funds.

Standard of Prudence

The "Prudent Person" standard shall be applied to the investment of funds within the STAR Ohio portfolio. The Standard specifies the following:

> *"Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."*

Investment staff acting in accordance with this policy or any other written procedures pertaining to the administration and management of the STAR Ohio portfolio and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that these deviations are reported immediately to the State Treasurer and that appropriate action is taken to control and prevent any further adverse developments.

If market conditions necessitate that the STAR Ohio portfolio be rebalanced, this may necessitate the Investment staff to liquidate certain maturities at a net loss.

Ethics and Conflict of Interest

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Further, no employee involved in the investment process shall use the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that would create an improper influence upon the public official or employee with respect to that person's duties.

Employees and investment officials shall comply fully with the reporting and disclosure requirements of R.C. Chapter 102.

Authorized Investments

The State Treasurer is authorized to invest in assets as described in R.C. § 135.143 and as summarized and restricted below:

A. U.S. Treasury Obligations
U.S. Treasury bills, notes or any other obligation or security issued by the U.S. Treasury or any other obligation guaranteed by the full faith and credit of the U.S. government.

B. U.S. Federal Agency Obligations
Bonds, notes, debentures, floating rate instruments or other obligations or securities issued by any GSE or federal government agency so long as the issue has a short-term rating of at least 'A-1' by S&P, or, if the issue does not have a short-term rating, then a long term rating of the issuer of at least A+ by S&P, provided that the issue is not of a subordinated nature.

1. Floating rate federal agency obligations shall be based on a money market index that resets to indices that are highly (greater than 95%) correlated with both the effective federal funds rate and the three-month LIBOR.

2. Floating rate federal agency obligations shall not have a final maturity longer than 397 days and must have a reset date within 93 days.

3. Eligible federal agency obligations exclude investments in any MBS.

C. Repurchase Agreements

1. A repurchase agreement must be in writing and entered into with Eligible Counterparties domiciled or registered in the U.S.

2. A repurchase agreement must be collateralized with Traditional Collateral;

   a. A perfected security interest must be obtained in the Traditional Collateral pledged in the repurchase agreement.

   b. Traditional Collateral must be equal to at least 102% of the repurchase agreement. A repurchase agreement shall not exceed 30 days and must be marked to market daily.

3. The contract is fully secured by deliverable U.S. Treasury and Federal Agency Obligations maturing in no more than 10 years.

4. Substitutions of collateral will be permitted only with advance written approval of the office of the State Treasurer.

5. The repurchase agreement is transacted on a delivery versus payment basis.

6. The securities are held free and clear of any lien and by an independent third party custodian acting solely as agent for the State (which may include a tri-party arrangement) and is:

   a. A Federal Reserve Bank, or

   b. A bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than $25 million;

7. The State will enter into repurchase agreements only with Eligible Counterparties that have a short-term debt rating of at least 'A-1' by S&P or if the Eligible Counterparty is not explicitly rated 'A-1', then the Eligible Counterparty must possess a guarantee from an S&P rated parent company. Diversification guidelines for repurchase agreements are explained in the following table:

Diversification Guidelines For Highly Rated Repurchase Agreements With Traditional or Qualifying Collateral*

(% exposure per counterparty)	Overnight (one business day)	Two to five business days	More than five business days	Maximum aggregate exposure
A-1+	50%	10%	5%	50%
A-1	25%	10%	5%	25%

*Counterparty exposure encompasses commercial paper holdings and repurchase agreements with any one counterparty. For example, should 5% of the fund be invested in an 'A-1' company's commercial paper, maximum exposure to an overnight repurchase agreement with that same counterparty would be 20%.

D. Reverse Repurchase Agreements

1. STAR Ohio may also enter into reverse repurchase agreements with a maximum maturity of 30 days, provided that the securities have been fully paid for and are owned by STAR Ohio at the time of the sale.

2. Reverse repurchase agreements shall have the following limits:

   a. A maximum aggregate of 25% of net assets shall be invested in reverse repurchase agreements.

   b. A maximum of 25% of net assets in transactions with maturities of less than or equal to five business days.

   c. A maximum of 10% of net assets in transactions with maturities that exceed five business days.

3. Maturities must be matched on both sides of reverse repurchase agreements. For the purpose of calculating the maturity of permitted investments, maturity shall mean:

   a. One day in the case of money market mutual funds, master notes and other instruments that may be liquidated without notice,

   b. The number of days remaining to the next reset date in the case of marketable floating rate securities,

   c. The number of days remaining until the next put date in the case of securities subject to unconditional and irrevocable puts of the issue to the obligor,

d. The number of days remaining until the initial redemption date of an extendible commercial note for which the extension option has not been exercised, or

e. The actual number of days remaining until the maturity date for all other permitted investments.

4. To insure sufficient liquidity in the STAR Ohio Portfolio, collateral reinvestments in floating-rate notes and other illiquid securities shall not exceed 10% of fund assets. For the purposes of determining compliance with this requirement, in addition to the securities defined under the "Illiquid Investments" section of this Policy, the following securities will also be considered illiquid for the purpose of reverse repurchase agreements:

   a. Floating rate notes with an interest rate reset date that exceeds the term of the reverse repurchase agreement;

   b. Repurchase Agreements with maturities of greater than five (5) days;

   c. Master Notes with maturities or put provisions of greater than five (5) days;

   d. Extendable Commercial Notes; and

   e. Any other permitted investment that is not readily marketable.

5. The State will enter into repurchase agreements only with Eligible Counterparties that have a short-term debt rating of at least 'A-1' by S&P or if the Eligible Counterparty is not explicitly rated 'A-1', then the Eligible Counterparty must possess a guarantee from an S&P rated parent company.

6. Substitutions of collateral will be permitted only with advance written approval of the office of the State Treasurer.

The aggregate amount of all repurchase agreements (includes reverse repurchase agreements) with maturities of more than five business days is limited to 10% of a fund's total assets and is counted toward the 10% maximum for the limited liquidity/illiquid investments.

E. Commercial Paper

Unsecured short-term debt (including asset-backed commercial paper and commercial paper notes issued under private placement) of corporations incorporated under the laws of the United States or a state if the following conditions are met:

1. The maturity is no greater than 270 days;

2. The total holdings of one issuer's commercial paper is no greater than 5% of the total portfolio based on cost at the time of purchase;

3. The total holdings of an issuer's paper does not represent more than 5% of the issuing corporation's total outstanding commercial paper;

4. The short-term debt rating of the issuer is at least 'A-1' by S&P and an equivalent rating by at least one other NRSRO at the time of purchase; and

5. A written, issuer-specific credit analysis prepared by STAR Ohio's investment advisor(s) detailing why the issuer does not pose an unreasonable credit risk to the STAR Ohio portfolio. STAR Ohio will invest funds based upon an approved list of commercial paper issuers ("Approved Issuers List"). The Approved Issuers List will be maintained, subject to additions and deletions, as recommended by STAR Ohio's investment advisor(s) and approved by the Investment Department of the Office of the State Treasurer of Ohio.

F. Corporate Obligations

Corporate obligations of domestic corporations that, at the time of purchase, must have a short-term rating of at least 'A-1' by S&P and an equivalent rating by at least one other NRSRO, or, if no short-term debt rating is available, a long-term debt rating of at least A+ by S&P and an equivalent long-term rating by at least one other NRSRO, provided that the issue is not of a subordinated nature.

1. The total holding of an issuer's corporate obligations does not represent more than one half of 1% of the issuing corporation's outstanding bonds at the time of purchase.

2. The total holding of an issuer's corporate obligations does not exceed more than one half of one percent of the total portfolio at the time of purchase.

3. The total holding of an issuer's corporate obligations is counted when computing the 5% maximum of total issuer exposure at the time of purchase.

G. Municipal Bonds

STAR Ohio may invest in bonds and other direct obligations of the State of Ohio issued by the State Treasurer, the Ohio Public Facilities Commission, the Ohio Building Authority and the Ohio Housing Finance Agency.

H. Bankers Acceptances. Bankers Acceptances of any domestic bank or federally chartered domestic branch office of a foreign bank if the following requirements are met:

1. The maturity is no greater than 270 days;

2. The securities are eligible for purchase by the Federal Reserve System; and

3. The issuer has a short-term debt rating at the time of purchase of at least 'A-1' by S&P and an equivalent short-term debt rating by at least one other NRSRO.

I. Bank Deposits

CD or savings or deposit accounts in financial institutions not exceeding one year.

1. Collateralization on bank deposits (i.e., deposits that exceed FDIC guidelines or limits) is required in an amount equal to at least 102% as stated in R.C. § 135.18 and § 135.181 for financial institutions rated 'A-1' or better by at least two NRSROs.

2. For financial institutions rated 'A-2' or lower, refer to S&P collateralization chart in Appendix A.

3. Collateralization of any bank deposit shall be the greater of the amount recommended by S&P or the R.C. but shall never be less than 102%.

4. Substitutions of collateral will be permitted only with advance written approval of the office of the State Treasurer.

J. Registered Investment Companies (Mutual Funds)

Shares in open-end, no-load money market mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a-7. STAR Ohio can only invest in funds rated 'AAA' or 'AAAm' by S&P. The fund must also be properly registered for sale in the State of Ohio.

1. The total holding of a mutual fund does not represent more than 10% of the total outstanding shares of the fund.

Diversification

The portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the STAR Ohio portfolio permitted for each type of security, based on cost at the time of purchase, is as follows:

A. U.S. Treasury Obligations	100% maximum
B. Federal Agency Obligations	100% maximum

2. Federal Agency investments include fixed rate, callable and floating rate obligations.

3. No single Federal Agency issuer shall exceed 33% of the STAR Ohio portfolio. Government-guaranteed investments rated 'AA-' or higher with final maturities of 30 days or less are excluded from this restriction.

C. Collateralized Bank Deposits	See Guidelines in Appendix A
D. Repurchase Agreements	See Diversification Guidelines in Section C, number 6.
E. Reverse Repurchase Agreements	25% maximum
F. Mutual Funds	100% maximum
G. Corporate Obligations	25% maximum
H. Municipal Bonds	10% maximum

I. Illiquid Investments (See "Illiquid Investments") 10% maximum

The maximum percentage of the STAR Ohio portfolio permitted in each eligible security, based on Total Average Portfolio at time of purchase, is as follows:

A. Commercial Paper 25% maximum

B. Bankers Acceptances 10% maximum

For purposes of this Policy, STAR Ohio's Total Average Portfolio for any month will be equal to the average of the daily balances for the prior 12-month period as calculated on the first day of that month.

Illiquid Investments

Illiquid investments are investments that cannot be sold or disposed of in five business days at approximately the value attributed to it by the fund. Securities that have limited liquidity or are illiquid include:

A. Nonmarketable and historically less liquid instruments with maturities greater than five business days unless the fund holds an unconditional put providing for liquidity with five business days or if the fund is able to redeem the investment within five business days with no loss to invested principal;

B. Investments denominated in a currency other than a fund's base currency and swapped back into the fund's base currency;

C. Windows variable-rate demand bonds (VRDBs) and other similar structures.

D. CDs that mature in more than five business days and that are not traded in a secondary market or are subject to early withdrawal penalties; and

E. Pooled bank deposit programs with a maturity of more than one business day.

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the local government investors in STAR Ohio is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. No instrument shall be bought that has a final stated maturity exceeding 397 days, nor shall any instrument be bought or sold that will cause the WAM(R), which is the weighted average maturity to the next reset date, of the portfolio to exceed 60 days or the WAM(F), which is the weighted average maturity to final maturity, to exceed 90 days.

A. A repurchase agreement transaction shall be deemed to have a maturity equal to the period remaining until the date on which the repurchase of the underlying securities is scheduled to occur, or where no date is specified, but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the underlying securities;

B. A security with an unconditional and irrevocable put shall be deemed to have a maturity equal to the period remaining until the next put date;

C. A marketable Federal Agency Obligation which has a floating rate of interest shall be deemed to have a WAM(R) equal to the period remaining until the next readjustment of the interest rate;

D. A marketable Federal Agency Obligation which has a floating rate of interest and is subject to a demand feature shall be deemed to have a maturity equal to the shorter of the period remaining until the next readjustment of the interest rate or the period remaining until the principal amount can be recovered through demand; and

E. A callable security for which the issuer has given notice of its intent to call is deemed to have a maturity equal to the period remaining until the date on which the security will be called.

Securities Lending

Pursuant to R. C. § 135.143 and § 135.47, the State may engage in securities lending, subject to policies adopted by the State Treasurer. The Securities Lending Policy is included as Appendix B to this policy.

Prohibited Investments and Investment Practices

The State is expressly prohibited from the following investments and investment practices (this is not an exclusive list):

A. Short sales (selling a specific security before it has been legally purchased);

B. Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes or notes linked to lagging indices or to long-term indices;

C. Mortgage-backed securities (MBS); and

D. Investing in any security not specifically permitted by this Policy.

Portfolio Management and Metrics

The STAR Ohio portfolio will be managed in a manner to maintain a stable NAV per share of $1.00 using the amortized cost method of valuation. The NAV of STAR Ohio is to be determined at 1:30 P.M., Eastern Time, on each day that the Federal Reserve System is open for business. The NAV per unit will be computed by dividing the total value of the assets of STAR Ohio, less its liabilities, by the number of units outstanding. If the STAR Ohio portfolio's current market-based NAV per share should deviate from its amortized cost price per share by an amount

exceeding .15% of 1 percent, the Chief Investment Officer shall assess the situation and follow the procedures outlined in the STAR Ohio NAV deviation policy included in Appendix C.

The Investment Department of the State Treasurer of Ohio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio as necessary to meet the investment objectives of this Policy.

It is recognized and understood that this non-speculative active management of portfolio holdings may cause a book gain or loss on the sale of an owned investment. The State Treasurer's office will determine the period over which any such gain or loss is distributed.

Stress Testing

Stress testing will be conducted on a monthly basis, at minimum. The stress tests will show the impact in each of the following scenarios:

A. Parallel interest-rate shifts of +/- 200 basis points (bps) in 25bps increments;

B. Asset decreases (i.e., redemptions) of 10%, 15%, 20%, 25%, and the percentage of the largest historical five business day net redemptions for the fund;

C. A downgrade of the largest issuer exposure; and

D. Widening and narrowing of credit spreads (based on the current market conditions).

Cure Periods

Cure periods are periods of time specified by S&P in which STAR Ohio would have to devise a plan or remediate any deviations in key metrics such as WAM or NAV. Cure periods are also specified in the event of investment ratings downgrades and when an investment's level of liquidity changes.

Internal Controls

Internal Controls should be designed to prevent the loss of public funds arising from fraud, misrepresentation by third parties, unanticipated changes in the financial markets and errors or imprudent actions by employees. Everyone within the organization assumes a role with respect to internal controls. The roles vary depending upon an individual's level of responsibility and nature of involvement. The administration establishes the presence of integrity, ethics, competence and a positive control environment. The directors have oversight responsibility for internal controls within their units. The supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit. Each individual within a unit must be cognizant of the proper internal control procedures associated with their specific job responsibilities.

The Internal Audit Department of the Office of the State Treasurer of Ohio (IAD) examines the adequacy and effectiveness of internal controls, and makes recommendations as to where control improvements are warranted. The IAD performs independent, objective assurance and consulting

activities to help improve management practices, identify operational improvements and reduce agency risk exposure.

The role of internal auditing includes the following activities:

A. Evaluating and improving the adequacy and effectiveness of risk management, control and governance processes;

B. Validating compliance with policies, standards, procedures and applicable laws and regulations;

C. Evaluating business processes to determine whether reasonable assurance exists that management objectives and operational goals are achieved; and

D. Providing process and managerial consulting to identify potential operational efficiencies and process improvements.

As part of the annual audit, the State Treasurer shall have the investment program of STAR Ohio reviewed by the Ohio Auditor of State, or his or her designee. This audit will be designed to establish asset and liability valuations and measure compliance with STAR Ohio's investment policies and procedures. The State Treasurer, at his or her discretion, may contract with an independent firm to audit the STAR Ohio investment program.

Eligible Banks and Broker/Dealers

The State Treasurer will establish and maintain a list of eligible brokers, dealers and banks with whom trades will be conducted. Qualified firms will be limited to "primary" dealers and other dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) that are registered with the Ohio Department of Commerce to do business in the State of Ohio. All financial institutions and broker dealers must provide the following information:

A. A completed "Broker/Dealer Request for Information" as detailed in Appendix D; and

B. A completed "Semi-Annual Broker/Dealer Update" as shown in Appendix E.

Financial institutions and broker/dealers will be required to comply with this policy and to pledge to offer for sale only appropriate securities.

Competitive Selection of Investment Instruments

It will be the policy of the State to transact all securities purchase/sales only with approved financial institutions through a competitive process. The State will accept the offer which (a) has the highest rate of return within the maturity required, and (b) optimizes the investment objective of the overall portfolio. When selling a security, the State will select the bid that generates the highest sale price. If there is a tie bid between one or more brokers, the State Treasurer will award the winning bid to the brokers on a rotating basis.

It will be the responsibility of the personnel involved with each purchase/sale to produce and retain written records of each transaction including the name of the financial institutions solicited, rate quoted, description of the security, investment selected and any special considerations that had an impact on the decision. If the lowest priced security (highest yield) was not selected for purchase, an explanation describing the rationale will be included in this record.

Primary fixed price Federal Agency offerings may be purchased from the list of qualified broker/dealers without competitive solicitation.

In making investment decisions, all other things being equal and subject to compliance with any applicable Internal Revenue Code requirements for bond proceeds, investments and transactions with corporations and financial institutions doing business in the State of Ohio will be given preference over other investment intermediaries.

Investment of Bond Proceeds

The State intends to manage STAR Ohio in a manner that will allow it to qualify as a commingled fund for arbitrage purposes (see Section 148(f) of the Internal Revenue Code of 1986, as amended). STAR Ohio will accept bond proceeds subject to arbitrage rebate.

Safekeeping and Custody

All investment securities purchased by the State or held as collateral on deposits or investments shall be held in third-party safekeeping at a public depository as required by R.C. § 135.03.

All securities in the STAR Ohio portfolio shall be held for the benefit of STAR Ohio and will be free and clear of any lien. Further, all investment transactions will be conducted on a delivery-vs.-payment basis. All purchases and sales will be transacted on a cash, regular (next day) or "skip-day" settlement basis. The depository shall issue a safekeeping receipt to the State listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the depository will also provide reports which list all securities held for the State, the book value of holdings and the market value as of month-end.

Appropriate Treasury officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the State shall be bonded in such a fashion as to protect the State from losses from malfeasance and misfeasance.

Performance Standards

The investment portfolio shall be designed and managed with the objective of obtaining a competitive market rate of return that takes into account the risk constraints and the cash flow characteristics of the STAR Ohio participants. The portfolio shall be compared to the average rate of three-month U.S. Treasury Bill returns for the equivalent period. The State Treasurer may also select other relevant, short-term benchmarks.

Reporting

The Chief Investment Officer shall maintain accurate, complete and timely records of all investment activities. The Chief Investment Officer shall submit an investment report to the State Treasurer summarizing the previous month's activity. This report shall include: (i) a listing of the existing portfolio in terms of investment securities, amortized book value, maturity date, return, market value and other features deemed relevant; (ii) a listing of all transactions executed during the month; and (iii) the monthly distribution rate. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31 pertaining to the valuation of investments and the treatment of unrealized gains/losses. The report will also include a statement that the investment of the STAR Ohio portfolio is in compliance with this investment policy. STAR Ohio will also submit weekly reporting to S&P summarizing WAM, portfolio diversification and NAV values. The Chief Investment Officer will also prepare annual reports in sufficient detail to provide full disclosure of all investment activities to the State Treasurer, STAR Ohio participants and the general public.

Investment Policy Adoption

This policy is adopted as of April 18th, 2012.

Seth Metcalf
Chief Financial Officer

APPENDIX

APPENDIX A

Diversification Criteria Flowchart—Collateralized Bank Deposits

Is the deposit with a highly rated ('A-1+' or 'A-1') bank?*

**Unrated entities that possess a guarantee by a rated parent that has been evaluated by Standard & Poor's are generally considered at the same investment level as the parent.*

Yes → **Diversification Guidelines For Highly Rated Collateralized Bank Deposits** *(% exposure per)*

Bank rating	*Overnight (1 bus. day)*	*2 to 5 bus. days*	*More than 5 bus. days*	*Max aggregate exposure per bank**
A-1+	50	10	5	50
A-1	25	10	5	25

**Maximum aggregate exposure includes both collateralized and uncollateralized exposures. For example, if a fund invests 5% in commercial paper with an 'A-1' rated bank, the maximum exposure to an overnight collateralized bank deposit with that same bank would be 20%.*

No → **PSFR Criteria For Collateralized Bank Deposits (Lower Rated And Unrated)**

Bank rating	*Collateral**	*Maximum exposure per bank (%)*	*Maximum aggregate exposure for collateralized deposits (%)*	*Long-term bank rating*
'A-2'	National government (sovereign) issuers rated 'AA-' or higher at 101% –105%	2.50%	10% for all rated lower than 'A-1' and NR	'BBB' or higher with a stable outlook
'A-3' or lower and NR	National government (sovereign) issuers rated 'AA-' or higher 105% – 110%	0.25%	10% for all rated lower than 'A-1' and NR	None

*See paragraphs 89–90 for details on maturity and pricing frequency.

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APPENDIX B

Josh Mandel
State Treasurer of Ohio

Securities Lending Policy

Adopted September 1, 2011

State Treasurer of Ohio
STAR Ohio
Securities Lending Policy

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State Treasurer of Ohio
STAR Ohio
Securities Lending Policy

Purpose and Scope

The purpose of this policy is to establish guidelines that will govern the securities lending activities of the STAR Ohio program administered by the Office of the Ohio Treasurer of State ("Treasurer"). Pursuant to Ohio Revised Code Section 135.45, this policy has been adopted by, and can be changed only by, the Treasurer.

This policy is designed to ensure the prudent management of public funds, conformance to the Ohio Revised Code, the availability of operating and capital funds when needed, an investment return competitive with comparable funds and financial market indices, and to maintain the highest rating provided by at least one nationally recognized standard rating service as selected by the Treasurer.

The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of the funds. Exceptions to the policy may be made at the discretion of the Treasurer or Deputy Treasurer in the event that compliance would conflict with the prudent management of public funds. All participants in the securities lending process shall act responsibly as custodians of the public trust. Any practice not clearly authorized under this policy is prohibited. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

Program Management

The Treasurer may engage one or more financial institutions to act as securities lending agents. The securities lending agents will arrange the terms and conditions of security loans, monitor the market value of the securities lent and the collateral received, and direct the investment of cash received as collateral.

For purposes of this policy, the Current Portfolio will be equal to STAR Ohio's net assets on the last day of the previous month. The lending agent will lend no more than 25% of the Current Portfolio*

In order to facilitate the settlement of a security sale, the Treasurer shall include in its agreement with the securities lending agent procedures for the substitution of securities on loan. In addition, the Treasurer must have the ability to terminate any securities loan agreement at any time, whereupon the borrower shall return the loaned securities within the lesser of (a) the customary delivery period for such securities; (b) five (5) business days or (c) the time negotiated for such delivery between the Treasurer and the borrower. It shall be the responsibility of the securities lending agent to negotiate termination provisions with borrowers for any term loan in order to meet this requirement. Further, upon termination of any loan, the Treasurer must receive securities identical to those loaned.

The Treasurer will lend only those securities for which the size of the outstanding issue (i.e., securities with the same CUSIP number) is $100 million or greater and of which the Treasurer owns less than 50% of the issue.

The Treasurer reserves the right to modify or cancel the securities lending program at its discretion.

Delegation of Authority

The Treasurer is responsible for the prudent investment of STAR Ohio funds and the management of any securities lending program. Management responsibility for the securities lending program is hereby delegated to the Director of Investments, who shall be responsible for the implementation of the program and the establishment of procedures consistent with this policy. The Director of the Trust Department shall establish a system of internal controls and shall regulate the activities of securities lending agents and Treasury staff responsible for monitoring the program. The Internal Audit Department will periodically review the internal controls in place. The audit will be designed to measure compliance with the policy and established procedures.

As part of the annual audit, the Treasurer will make all records available for review by the Auditor of the State of Ohio or his/her designee. The Treasurer at his discretion may contract with an independent firm to audit the securities lending program.

Written Agreements

A written agreement between the State and each securities lending agent must be in place prior to engaging in securities lending activities. These agreements must, at a minimum, specifically authorize the lending of securities; outline the lending agents' authority to invest cash collateral; outline the lending agent's responsibilities and liabilities with regard to custody and valuation of the collateral; and detail fee arrangements. The agreements must also contain indemnification provisions acceptable to the Treasurer with respect to borrower default. Further, the agreements will incorporate this document by reference and include a written acknowledgement by the securities lending agent of receipt of this policy.

Each securities lending agent is also required to have written agreements with each borrower (a "master securities loan agreement" or "MSLA") prior to engaging in securities lending activities. The MSLA must, at a minimum, detail acceptable types of collateral (including letters of credit); standards for collateral custody and control; collateral valuation and initial margin; accrued interest; marking to market; margin calls; and methods for transmitting coupon or dividend payments received if a security is on loan on a payment date; conditions which will trigger the termination of a loan (including events of default); and acceptable methods of delivery for loaned securities and collateral. Each MSLA shall also state that the parties agree that each loan is a securities contract as defined in Section 741 (7) of Title 11 of the United States Code.

Each securities lending agent will be held to the standard of prudence known as the "Prudent Expert Rule" which states:

> *"A fiduciary will manage a portfolio with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."*

Authorized Borrowers and Loan Transactions

The Lending Agent will on a quarterly basis provide to the Treasurer a current list of borrowers that meet the qualifications of ORC §135.143 and which have been deemed to be creditworthy. The Treasurer reserves the right to review and limit the list of borrowers. Loans will generally be up to ninety (90) days.*

Securities will be lent only to creditworthy borrowers that are:

1. assigned a Standard & Poor's short-term rating of 'A-1' or better*, and
2. diversified securities broker-dealers who are members of the National Association of Securities Dealers having five billion dollars ($5,000,000,000) in assets and three hundred fifty million dollars ($350,000,000) in capital and subject to regulation of capital standards by any state or federal regulatory agency; or
3. a bank, savings bank or savings and loan association having five billion dollars ($5,000,000,000) in assets and five hundred million dollars ($500,000,000) capital and regulated by the Superintendent of Financial Institutions, or through an institution regulated by the Comptroller of the Currency, Federal Deposit Insurance Corporation, or Board of Governors of the Federal Reserve System.

At the time the loan is originated, no more than ten percent (10%) of the Current Portfolio will be loaned to any single borrower. If that limit is exceeded after the loan has been initiated (due to changes in the portfolio), corrective action must take place on the following business day.

Loan transactions will be limited to thirty (30) days or less. Loans of greater than seven (7) days will be limited to ten percent (10%) of the Current Portfolio.

Collateral Management

The Treasurer will accept the following instruments as collateral:

1. Cash,
2. Irrevocable letters of credit, and
3. Securities issued or guaranteed by the United States Government or its agencies or instrumentalities maturing in ten years or less.

The borrower must pledge cash collateral having a value equal to at least one hundred two percent (102%) of the value of the loaned securities, at the time the loan is initiated. For this purpose, the value of the debt securities on loan shall always include accrued interest. In the case of discount securities, such as U.S. Treasury bills or similar agency issues, where the market functions so as to not allow the sale of securities at a price greater than par, the borrower must pledge one hundred two percent (102%) of the value of the loaned securities, unless a profitable transaction requires that some lesser amount, which shall not be less than the par value of the loaned security, be accepted. In no event will the value of the cash collateral be permitted to decline to below one hundred percent (100%) of the value of the loaned securities at any time during the term of the loan.

The lending agent is responsible for monitoring and maintaining the value of collateral securities and reinvested cash collateral securities. Collateral will be marked to market at least once every day and more often as required to ensure that any necessary calls for additional collateral are made and that such collateral is obtained on a timely basis. At any time when additional collateral is required, the collateral will be required to be increased so that it will equal at least one hundred two percent (102%).

Collateral will be delivered to the securities lending agent or an approved third-party custodian prior to or simultaneous with making a loan to a borrower.

Matching of Loans and Collateral

Loan transactions are limited to thirty (30) days or less. When cash is received as collateral, the maturity of the investment made with the cash collateral must be matched to the maturity of the loans.* For the purpose of calculating the maturity of permitted investments, maturity shall mean:

1. One day in the case of money market mutual funds, master notes, and other instruments that may be liquidated without notice,

2. The number of days remaining to the next reset date in the case of marketable floating rate securities,

3. The number of days remaining until the next put date in the case of securities subject to unconditional and irrevocable puts of the issue to the obligor,

4. The number of days remaining until the initial redemption date of an extendible commercial note for which the extension option has not been exercised, or

5. The actual number of days remaining until the maturity date for all other permitted investments.

For the purpose of calculating the maturity of loan transactions, maturity shall, in the case of "term" loans, mean the number of days remaining until the termination of the loan transaction, or in the case of "open" loans, one day.

To insure sufficient liquidity in the STAR Ohio Portfolio, no more than 10% of the aggregate of both the investment portfolio and the securities lending cash collateral reinvestment portfolio will be invested in securities that are considered to be illiquid. For purposes of determining compliance with this requirement, the following securities will be considered illiquid:

1. Repurchase Agreements with maturities of greater than seven (7) days;

2. Master Notes with maturities or put provisions of greater than seven (7) days;

4. Extendable Commercial Notes;

5. Variable rate notes with maturities less than 13 months where the next reset date, either daily or monthly, will be used to determine the maturity date for securities lending purposes and

5. Any other permitted investment that is not readily marketable.

Authorized Investments for Cash Collateral

The lending agents are authorized to invest cash collateral, as summarized and restricted below:

A. **U.S. Treasury Obligations.** United States Treasury bills, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.

B. **Federal Agency Obligations (Fixed Rate).** Bonds, notes, debentures, or other obligations or securities issued by or guaranteed by any "AAA-rated" federal government agency or instrumentality, except Collateralized Mortgage Obligations.

C. **Government Repurchase Agreements.** Investments in repurchase agreements if the following conditions are met:

1. the contract is fully secured by:

   a. deliverable U.S. Treasury or Federal Agency Obligations (Government Repurchase Agreement) provided that, at the time of purchase, the percentage of the Current Portfolio that may be invested in Government Repurchase Agreements with any one counterparty is based on the short-term credit rating of the counterparty, as follows:

Counterparty Credit Rating	**Overnight**	**2-7 Days**	**>7 Days**
A-1+	25%	25%	10%
A-1	25%	10%	10%

   b. Rated commercial paper (including asset-backed commercial paper) or other debt obligations issued by corporations incorporated under the laws of the United States or a state (Corporate Repurchase Agreement), having:

      i) a term to maturity of no greater than thirty (30) days, and provided that

ii) at the time of purchase no more than 5% of the Current Portfolio will be invested in Corporate Repurchase Agreements with any one counterparty;

2. the agreement is backed by securities (as described above) having a market value of at least one hundred two percent (102%) of the amount of the contract,

3. a master repurchase agreement or specific written, repurchase agreement governs the transaction;

4. the repurchase agreement is transacted on a delivery versus payment basis;

5. the securities are held free and clear of any lien and by an independent third party custodian acting as agent for the State (which may include a tri-party arrangement) and is:

   a. a Federal Reserve Bank, or

   b. a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than $25 million;

6. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. in such securities is created for the benefit of the Treasurer; and

7. repurchase agreements will be entered into only with reputable firms that have a short-term debt rating of 'A-1' or higher from Standard & Poor's and are:

   a. diversified securities broker-dealers who are members of the National Association of Securities Dealers having $5 billion in assets and $350 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; or

   b. a bank, savings bank or savings and loan association having $5 billion in assets and $500 million in capital and regulated by the Superintendent of Financial Institutions, or through an institution regulated by the Comptroller of the Currency, Federal Deposit Insurance Corporation, or Board of Governors of the Federal Reserve System.

8. The aggregate amount of all repurchase agreements with maturities of more than seven (7) calendar days may not exceed ten percent (10%) of the Current Portfolio.

9. No reverse repurchase agreements are permitted.

D. Bankers' Acceptances. Cash collateral may be invested in bankers' acceptances of any domestic bank if the following requirements are met:

1. the securities are eligible for purchase by the Federal Reserve System; and

2. the issue has a minimum 'AA' long-term debt rating. The short-term debt rating must be at least 'A1'.

E. **Commercial Paper.** Unsecured short-term debt (including asset-backed commercial paper) of corporations incorporated under the laws of the United States or a state if the following conditions are met:

1. The total holdings of an issuer's paper does not represent more than five percent (5%) of the issuing corporation's total outstanding commercial paper; and
2. The short-term debt rating is at least 'A-1'. Split-rated paper is not permitted.

F. **Corporate Notes.** Investment grade debt obligations issued by corporations that are incorporated and operating under the laws of the United States or a state if the following conditions are met:

1. The obligation has a final maturity of no greater than thirteen months at the time of purchase and a maturity (as defined in the Matching of Loans and Collateral section of this policy) of no more than 30 days;

2. The obligation is rated at least 'AA' by all rating agencies that rate the obligation for traditional corporate notes; and

3. If the obligation is an asset-backed security, it must be rated 'AAA' by a nationally recognized statistical rating organization and have a "hard-bullet" (guaranteed final maturity date) structure.

G. **Master Notes and Extendible Commercial Notes.** Unsecured debt obligations or promissory notes of highly-rated corporation incorporated and operating under the laws of the United States or a state if the following conditions are met:

1. The obligation has a final maturity of no greater than 270 days at the time of purchase and a maturity (as defined in the Matching of Loans and Collateral section of this policy) of no more than 30 days;

2. The issuer has a short-term debt rating of at least 'A-1' by Standard & Poor's (split-rated paper is not permitted) or, if the obligation is issued by an unrated entity, the Note is secured by a letter of guarantee from a parent company that is rated at least 'A-1' by Standard & Poor's; and

3. Extendible Commercial Notes where the issuer may extend the final maturity will not be purchased.

H. **Money Market Mutual Funds (Registered Investment Companies.)** Shares in open-end, no-load fixed income money market mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a-7 and invest exclusively in securities that the STAR Ohio Portfolio may be invested in directly. The fund must be rated 'AAAm' or better by Standard & Poor's Corporation.* The fund must also be properly registered for sale in the State of Ohio.

Diversification of Collateral

The collateral portfolio, to include both securities accepted as collateral and cash collateral investments, shall be diversified to limit risk. The diversification limits for investments in each eligible security will be based on the Current Portfolio as follows:

U.S. Treasury	100% maximum
Federal Agency (Fixed Rate)	100% maximum
Government Repurchase Agreements***	50% maximum
Corporate Repurchase Agreements	25% maximum
Bankers' Acceptances	10% maximum
Commercial Paper, Corporate Notes, Master Notes and Extendible Commercial Notes (Fixed Rate and Variable Rate Combined	25% maximum
Money Market Mutual Funds	25% maximum
Variable Rate Notes (Federal Agency and Corporate Combined	10% maximum

The collateral portfolio will be diversified to limit the exposure to any one issuer. No more than 5% of the Current Portfolio will be invested, collectively, in the securities of any single issuer* or repurchase agreement counterparty with the following exceptions:

U.S. Treasury Obligations	100% maximum
Federal Agency Obligations	33% maximum
Government Repurchase Agreements Counterparties	25% or $1 billion, whichever is less
Money Market Mutual Funds	10% maximum

** For purposes of determining compliance with this requirement, all securities issued by or guaranteed by the issuer (where the Treasurer is relying on the guarantee to meet the credit quality standards prescribed by this policy) will be counted toward the 5% limit.

*** Additional restrictions for term Government Repurchase Agreements are described in the Authorized Investments for Cash Collateral section below.

Cash collateral will not be invested in obligations issued by or guaranteed by the lending agent or any related company.

The Lending Agent will monitor the diversification on a daily basis to ensure that diversification of the aggregate STAR portfolio (both direct investments and investments made with cash collateral) is in compliance with the STAR Investment Policy. Should non-compliance with the diversification requirements be identified, the Lending Agent will immediately cease acceptance and purchase of additional securities in the areas affected, and will work with the Director of the Trust Department to bring the STAR portfolio back into compliance in a timely and prudent fashion.

Letters of Credit

The Treasurer will accept letters of credit as collateral only when the following conditions are met:

1. The letter of credit issuer has a minimum "AA-" long-term debt rating ("AAA" for foreign banks) by S&P and the equivalent rating by all other rating agencies that rate the issuer. The short-term debt rating must be at least "A1" by S&P and the equivalent rating by all other rating agencies that rate the issuer (minimum of two ratings must be available);

2. The letter of credit issuer has total assets of at least $10 billion;

3. The letter of credit issuer is not an entity controlled by, under the control or under common control with the securities borrower; and

4. No more than five percent (5%) of the Current Portfolio will be invested in or subject to the guarantee (letter of credit) of a single financial institution, at the time a loan is made.

Variable Rate Notes

Cash collateral may be invested in variable rate notes, floating-rate notes, Master Notes, and Extendible Commercial Notes (collectively, VRNs) that meet the Authorized Investment for Cash Collateral guidelines listed in this policy provided that the following additional criteria are met:

1. the ultimate maturity (at the time of purchase) is no greater than two (2) years for obligations of a Federal Agency and no greater than thirteen (13) months for corporate obligations or asset-backed securities, and

2. the rate on the VRN resets no less frequently than monthly;

3. the VRN is indexed to a money market rate such as Federal Funds, the 3-month Treasury Bill or LIBOR, that correlates very highly (95% or greater) with overall changes in money market rates even under wide swings in interest rates;

4. no more than ten percent (10%) of the Current Portfolio will be invested in VRNs;

5. for each VRN held in the portfolio, the securities lending agent will prepare a written analysis establishing a justification for purchasing and holding the VRN, addressing particularly the actual correlation of the VRN rate to money market rates such as LIBOR, Federal Funds and/or short-term Treasury Bills over a historic period that encompasses both rising and falling interest rates. This written analysis will also include a projection of yield and price volatility for interest rate movements of up 300 basis points and down 300 basis points and will be presented to the Treasurer; and

6. The Securities lending agent will use pricing services, pricing matrices and "theoretical" pricing models to calculate the market value of all VRNs held in the portfolio and will regularly receive and record actual bids on all VRNs. Any material variances between standard pricing and actual bids will be reported

immediately to the Treasurer. (A material difference is one in which the actual bid falls bwlow.99 of the standard pricing or book value of the VRN.) Further, the value of actual bids received will be used to value the portfolio holding.

In no event will cash collateral be invested in range notes, dual index notes, "deleveraged" notes (notes linked to a multiple of the index where the multiple is less than one), or notes linked to lagging indices or to long-term indices.

Reporting

Each securities lending agent will be responsible for providing daily electronic reports to the Treasurer with the following information:

1. Securities available for lending,
2. Securities currently loaned,
3. Outstanding loans by borrower and by account,
4. New loans,
5. Returned loans
6. Collateral investments,
7. A written credit analysis for any cash collateral investment made that day in an obligation where the issuer or the guarantor (for obligations where the Treasurer is relying on a parent company letter of guarantee to meet the credit quality standards required by this policy) is on "negative outlook" or "negative credit watch" with an explanation of why the investment does not pose an unreasonable credit risk to the Treasurer,
8. Any other reports as requested by the Treasurer.

Monthly, the securities lending agents will be required to provide the following information:

1. Total income from securities lending activity,
2. Benchmark report showing the percentage of the portfolio on loan and average spread between the loan rate and cash collateral re-investment

The Treasurer will meet semi-annually (or as needed) with lending agent personnel for a review of securities lending activity.

Securities Lending Policy Adoption

The policy is adopted as of September 1, 2011.

_____

Seth Metcalf
General Counsel and Chief Financial Officer

APPENDIX C

JOSH MANDEL
STATE TREASURER OF OHIO

STAR Ohio
NAV Deviation Policy

The State Treasurer of Ohio hereby directs the Fund's Administrator to obtain an independent price for each security in the portfolio at least weekly and, using such prices, prepare a mark-to-market appraisal of the Fund which determines the deviation in the Fund between the net asset value and amortized cost. The Administrator is also instructed to obtain at least two dealer bids to verify pricing on any investment that is difficult to price. If any appraisal shows that the actual deviation is in excess of 0.15 of 1% or if the Chief Investment Officer (CIO) believes that the deviation may result in dilution or other unfair results to investors or existing holders of beneficial interests, (a) the CIO will instruct the Fund's Administrator to obtain independent prices for each security in the portfolio on a daily basis and compute daily mark-to-market values until the deviation drops below 0.15 of 1%, (b) the CIO, Investment Managers and consultants will review the results of the daily mark-to-market calculation, perform stress test weekly or as conditions merit and analyze the current market conditions and factors effecting the portfolio, (c) the CIO, Investment Managers and consultants will recommend an action plan for stabilizing the NAV and maintaining the objectives of preservation of capital, maintenance of liquidity and income and (d) the CIO will promptly inform the Treasurer and Chief Financial Officer (CFO) of the situation and indicate what action, if any, is being taken to limit the widening of the deviation and the rationale for such action. The plan of action will then be appropriately documented in writing.

In the event of any calculation thereof where the actual deviation is in excess of 0.25 of 1%, (a) the CIO will instruct the administrator, Investment Manager and consultants to continue all procedures as described in the previous paragraph, (b) at a meeting, or by conference call, the Treasurer and/or CFO shall be notified as soon as practicable to consider what action, if any, should be initiated by the investment department to cure the NAV deviation within five business days. If an NAV deviation of more than 0.25% cannot be cured within five business days, the CIO will inform Standard and Poor's of the NAV deviation. The plan of action will then be appropriately documented in writing.

If the NAV actual deviation is in excess of 0.5 of 1%, (a) the Treasurer, CIO and CFO will additionally determine (a) appropriate notification to shareholders, (b) determine if redemptions or subscriptions should be temporarily halted and (c) determine fund liquidation procedures, if deemed appropriate. The plan of action will then be appropriately documented in writing.

In the event that the CIO at any time believes that the extent of any deviation from the Fund's amortized cost value may result in material dilution or other unfair results to investors or existing holders of beneficial interests, the CIO shall take such action as deemed appropriate to eliminate or to reduce to the extent reasonably practicable such dilution or unfair results.

Action which the CIO may take to stabilize the NAV include, without limitation: redemption of beneficial interests in kind; the sale of portfolio securities prior to maturity to realize capital gains or losses or to shorten the Fund's average portfolio maturity; withholding dividends or payment of distributions from capital or capital gains; or utilizing a net asset value as determined by using available market quotations or equivalents. In addition, the CIO has the authority to reduce or increase the number of beneficial interests outstanding on a pro rata basis, and to offset each holder's pro rata portion of the deviation from the holder's accrued dividend account or from future dividends.

APPENDIX D

State of Ohio
Office of the Treasurer of State

Broker / Dealer
Request for Information

FISCAL YEAR
2012

Josh Mandel, State Treasurer of Ohio

Broker/Dealer Request for Information
Fiscal Year 2012

Statement of Position and General Requirements

The Ohio Treasurer of State (hereinafter referred to as the "Treasurer") manages a multi-billion dollar portfolio which is comprised mainly of U.S. Treasury and Agency obligations, Government balanced securities and money market instruments. The Treasurer must follow section 135 of the Ohio Revised Code and has adopted written Investment Policies for the standards and procedures used in its cash management activities.

The Treasurer maintains relationships with qualified members of the broker/dealer community who understand the needs, regulations, and goals of the Treasurer.

The Office of the Treasurer will respond to broker requests for business in writing or via email following the completion of the evaluation process. No transactions will be conducted with an approved broker/dealer until all paperwork required by both parties has been executed. However, during the interim transition period, transactions will continue to be conducted with broker/dealers who currently appear on the existing approval list. The Treasurer solicits competitive bids and offers on transactions. All securities will be delivered upon payment to a third-party custodian named by the Treasurer.

Personnel in the Treasurer's office will review and substantiate all information requested in the document; therefore, please answer all questions as thoroughly as possible. Only substantially complete submissions will be considered. The Treasurer's office will not engaged in trade activity with a broker/dealer until all paperwork has been fully completed. Any false information knowingly submitted can result in the permanent exclusion of the broker from any further business dealings with the Office of the Treasurer. All violations and misrepresentations will be reported to both the Ohio Department of Commerce and The Securities and Exchange Commission.

Please note that a fully completed, original copy of this documentation should be returned to the Office of the Ohio Treasurer no later than **August 1, 2011**.

Section I Firm Information

1. Firm Name: _____

   Address
   - Street _____
   - _____
   - P.O. Box _____
   - City _____
   - State _____
   - Zip Code _____

2. Headquarters Location:

   Address
   - Street _____
   - _____
   - P.O. Box _____
   - City _____
   - State _____
   - Zip Code _____

3. Telephone:
   - Local Office: (_____)_____
   - Fax: (_____)_____
   - Headquarters: (_____)_____
   - Fax: (_____)_____

4. Is your firm headquartered in Ohio? _____
   Does your firm have an Ohio presence? _____
   How many office locations does your firm have in Ohio? _____
   How many Ohio residents does your firm employ? _____

5. What services does your firm provide to your municipal clients, in addition to the execution and the processing of securities trades? What types and level of service distinguish your firm from its competitors? What advantage would the State of Ohio gain by trading with your firm?

6. If you are not a bank, please provide the following information regarding your principal banking/custodial banking relationship.

   Bank Name: _____
   Address: _____
   _____
   Headquarters Location: _____
   Contact Person: _____
   Telephone No.: _____

Length of Relationship: _____

7. Does your firm have its own trading capabilities? (Y/N)_____

8. Does your firm have a clearing agreement with any other firm(s), which will be used in transactions with the Treasurer's office? (Y/N) _____

9. If so, please identify each clearing broker and their corresponding CRD#.

_____CRD#_____
_____CRD#_____
_____CRD#_____
_____CRD#_____

Settlement and Delivery Instructions:

_____
_____
_____

10. Has a public sector client, within the last three years, notified your firm in writing that the firm representative was partially responsible for a loss on a securities transaction arising from a misunderstanding or misrepresentation of the characteristics of an instrument? (Y/N) _____

If yes, please explain.

_____
_____
_____
_____
_____
_____

11. Please provide a statement describing the firm's capital position and any capital line or trading limits that would support or limit the entity conducting business with The Treasurer's Office.

_____
_____
_____
_____
_____
_____
_____
_____

12. Does your firm regularly report to the Market Reports Division of the Federal Reserve Bank of New York as a "primary dealer"? (Y/N) _____

If yes, how long has your firm been a primary dealer? _____

Section II Broker Information

1. Contact Personnel: Provide as an attachment if more space is required.
(Note: Broker CRD# must be disclosed.)

Primary Contact
Name: _____
Title: _____
Telephone No.: _____
Email: _____
CRD#: _____
Years with Firm: _____

Second Contact
Name: _____
Title: _____
Telephone No.: _____
Email: _____
CRD#: _____
Years with Firm: _____

Back Office / Trade Clearing Contact
Name: _____
Title: _____
Telephone No.: _____
Email: _____
CRD#: _____
Years with Firm: _____

2. Provide background information concerning the account representatives listed above. Please include information on the individual's employment history as it relates to the securities industry, official licenses and certificates, the history and details of any disciplinary actions or complaints and the disposition of each, as well as the history of any arbitration or litigation, the nature of the case and the status of the disposition. Please mark this attached documentation "Attachment A," (If a FINRA Broker Check Report is available, please provide).

3. Has/have any of the representative(s) listed in No. 1 been convicted of a felony criminal offense. (Y/N) _____

If yes, please explain?
_____
_____
_____

4. Has/have the representative(s) listed in No. 1 above been authorized by the firm to be its account representative(s)? (Y/N) _____

By whom? _____

5. If applicable, please list the name and contact information of the immediate supervisor of the account representative(s) named in your response to No. 1 above.

_____
_____
_____

Section III Experience / Client Base

1. Length of service to the Treasurer's Office (yrs) _____
Areas of service to the office: _____

Describe the extent of your experience with the Treasurer's office regarding investment activity._____
_____
_____
_____
_____

2. Please provide the following information regarding at least four comparable clients with whom your firm and/or any of the representatives of the firm listed in Section II -No. 1 have had experience.

Client Name: _____
Address: _____
_____
Person to Contact: _____
Telephone Number: _____
Length of Service: _____

Client Name: _____
Address: _____
_____
Person to Contact: _____
Telephone Number: _____
Length of Service: _____

Client Name: _____
Address: _____
_____
Person to Contact: _____
Telephone Number: _____
Length of Service: _____

Client Name: _____
Address: _____
_____
Person to Contact: _____
Telephone Number: _____
Length of Service: _____

Section IV Allowable Investment Information

1. Place an "X" on the line next to each of the instruments set forth below in which you make an active market (both buy and sell).

US Treasuries	_____	Banker's Acceptances	_____
Federal Agencies	_____	Corporate Notes	_____
Foreign Debt	_____	Repurchase Agreements	_____
Commercial Paper	_____	Money Market Mutual Funds	_____

Federal Agencies (Please specify) _____
Instrumentalities (Please specify) _____

2. Does your firm specialize in any of the instruments mentioned above? If so, please specify which ones. (Y/N) _____

_____
_____
_____
_____
_____
_____

3. Please indicate the channels of communication with which your firm has capability regarding transmitting trade conformations.

Secure Fax Transmission _____
Secure Email Transmission _____
U.S. Mail Submission _____

Section V Regulatory Information

1. Briefly describe any formal system for monitoring the account representative(s) listed as broker contacts, if your firm has established such a program.

_____
_____
_____
_____

2. Is your firm a member of FINRA (formerly NASD)?

(Y/N) _____ CRD# _____
If no, please explain?

_____
_____

3. Is your firm a member of the Securities Investor Protection Corporation (SIPC)? (Y/N) _____

4. Place an "X" by each regulatory agency by which your firm is examined and/or subject to its rules and regulations.

FDIC _____ SEC _____ NYSE _____

Comptroller of Currency _____ Federal Reserve System _____

Other _____ (ex. State regulatory agency) *(specify)* Multistate firms please note: It is not necessary to include regulatory agencies that do not have jurisdiction over your firms activities in Ohio.

5. At any point in the last five years has the firm failed to meet its net capital requirements subject to SEC rule 15C3-1 or 15C3-3?

(Y/N) _____

If so, please provide a complete explanation of the reason(s) why marked (Attachment C).

***Additionally, please submit the firm's most recently available quarterly FOCUS report marked (Attachment D).**

6. (Attachment E)
Please provide certified audited financial statements for the last three (3) years. In addition, for those dealers preparing and submitting financial statements to the following organizations, please provide publicly available financial documents filed with these agencies for the previous two (2) years:

Financial Industry Regulatory Authority (FINRA)
Securities and Exchange Commission (SEC)
New York Stock Exchange (NYSE)
Federal Deposit Insurance Corporation (FDIC)

7. In addition to the certification in Section VII, a package will be sent to the representative(s) assigned to the Treasurer's account(s). Included in the package will be a copy of the Investment Policy(s), a list of authorized traders and a copy of the Ohio Treasurer of State's delivery instructions. The representative assigned to the account will be asked to sign and return an acknowledgement of receipt of these items.

Section VI Certification

I have read the Investment Policies of the Treasurer for the Interim Funds of the State of Ohio and for STAR OHIO.

I hereby certify that the above is true and correct to the best of my knowledge and that I am authorized to execute this request for information on behalf of:

I, the undersigned, have the authority to bind the investment organization.

Firm Name: _____

By (Print Name) _____

Signature: _____

Title:* _____

Date: _____

*Note the foregoing form must be signed by a principal of your firm.

Section VII Submittal Requirements

One copy of each firm's response shall be submitted to Gordon Short at the following address:

Gordon Short, Chief Investment Officer
Ohio Treasurer Josh Mandel
30 East Broad Street, 9th Floor
Columbus, Ohio 43215-3461
Phone: 614-466-3511

Section VIII Acknowledgment

STATE OF _____

COUNTY OF _____

On this _____ day of _____, 2011, before me personally Appeared _____ (Name of Officer), known to me to be the _____ (title) who Acknowledged the execution the foregoing Certification for and on behalf of _____ (Company Name), that the same is his/her own voluntary act and deed and that he/she is duly authorized to enter into said Certification for and on behalf of _____ (Company Name).

_____

Notary Public

APPENDIX E

SEMI-ANNUAL BROKER/DEALER RFI UPDATE (WORK-IN-PROGRESS)