



STATE BOARD OF DEPOSIT

STATE OF OHIO

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

Minutes of the meeting of the State Board of Deposit held October 2, 2019, which started at 2:30 p.m. in the Office of the Treasurer of State.

MEMBERS PRESENT: Robert Sprague, Treasurer of State
Dave Yost, Attorney General
Keith Faber, Auditor of State

OTHERS PRESENT: Marjorie Kruse, Treasurer of State
Jennifer Day, Treasurer of State
Jane Wolfe, Treasurer of State
Michael Lenzo, Treasurer of State
Jennifer Biedenharn, Treasurer of State
Walter Myers, Treasurer of State
Brittany Halpin, Treasurer of State
Sam Rossi, Treasurer of State
Bill Beagle, Treasurer of State
Brandon Kern, Treasurer of State
Rich Thompson, Treasurer of State
Sheila Boehner, Treasurer of State
Katie Fuller, Treasurer of State
Michael Ringle, Treasurer of State
Dusten Kohlhorst, Treasurer of State
Elizabeth McAndrew, Treasurer of State
Lauren Roquemore, Treasurer of State
Jennifer Wilson, Treasurer of State
Chris Litton, Treasurer of State
Ben McCaig, Treasurer of State
Ann Clymer, Treasurer of State
Jay Easterling, Attorney General
Tom Ruebel, Auditor of State
Ty Walker, Auditor of State
Allie Dumski, Auditor of State
Rick Ronan, Columbus Dispatch
Andrew Tobias, Cleveland.com

Noah Blundo, Hannah News
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. Sprague asked for a motion that the reading of the minutes from the State Board of Deposit meeting held May 15, 2019 which had previously been distributed to the members be dispensed and that the minutes be approved. Mr. Yost made the motion to approve the minutes and Mr. Faber seconded. Motion carried.

OLD BUSINESS

There was no old business to come before the Board.

NEW BUSINESS / INVESTMENT ACTIVITY RATIFICATION OF THE INTERIM FUNDS

Under new business Mr. Sprague asked for a motion to ratify the designation of interim funds in the amount of \$24,114,254,801.17 for May 2019 through August 2019. Before approval Mr. Sprague asked Deputy Treasurer Marj Kruse to respond to a question presented by Jay Easterling with the Attorney General's office as to why the amount being asked to ratify for interim funds has come down on a per monthly basis. Ms. Kruse noted that as a result of interest rates the office moved from investing in daily repos to weekly getting a better rate on returns. The Treasurer's office will continue to watch the market and adjust its strategy accordingly. Mr. Yost made a motion to ratify the designation of interim funds and Mr. Faber seconded. Motion carried.

Jane Wolfe with the Treasurer's office presented the Board of Deposit budget update for FY 2020, for informational purposes only. In the budget report Ms. Wolfe stated that due to the discontinuation of the IVR system there has been a savings in the budget that can be used to offset unexpected expenses. Mr. Sprague took the time to commend his team for all of the hard work put into phasing out the IVR system which created a reduction in the Board budget due to the changes.

Mr. Sprague asked Deputy Treasurer Marj Kruse to speak about the RFP process. Ms. Kruse noted that under Ohio Revised Code 135.12, the Board of Deposit is required to contract every two years for banking services for the state. The Treasurer's office is drafting the RFP and will share the RFP with the board members. The RFP is expected to be finalized and issued November 12, 2019. Responses are due on December 18, 2019. There will be a question and answer time period designated if the banks want additional information. Finalists will be asked to make a presentation the third week of January 2020. Board members will be invited to attend the presentations. Bank designation will be held the third Monday in March which will be March 16, 2020. Mr. Sprague also asked Ms. Kruse to talk about the transparency process implemented by this office. Ms. Kruse stated there are two different RFP processes, one is for banking services

which is approved by the Board of Deposit and the other is for custodial services for the pension funds and BWC. The Board of Deposit is not required to approve these contracts for custodial services. When developing the Banking Services RFP, the Treasurer's office asked its customers for feedback; this is being incorporated into the RFP as to cover the banking needs of all state agencies.

Under new business, two resolutions were presented to the Board for approval.

**STATE BOARD OF DEPOSIT
RESOLUTION – 2019-03**

October 2, 2019

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

WHEREAS, the Treasurer of State has received applications from eligible financial institutions desiring to be designated as public depositories of interim deposits of the public moneys of the state for the period commencing July 2, 2018 and ending July 5, 2020; and

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

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

The attached list of financial institutions, hereinafter Attachment A, are hereby designated as a public depository of the public moneys of the state, for interim deposits only, for the period commencing July 2, 2018 and ending July 5, 2020.

State Board of Deposit Resolution- 2019-03

Attachment A

AXOS Bank
First National Bank of Pennsylvania
The Home Loan Savings Bank

Mr. Yost asked if First National Bank of Pennsylvania has a branch in Ohio. Mr. Myers Director of Trust for the Treasurer's office noted that they do have branches in Ohio. Mr. Yost made a motion to approve the resolution and Mr. Faber seconded. Motion carried.

Prior to the approval of the following resolution, Mr. Sprague talked briefly and gave background about a program OhioCrypto.com that went into effect in November of 2018 under then Ohio Treasurer Josh Mandel. Mr. Sprague said that since taking office in January of 2019, the Treasurer's office has been reviewing this program. Mr. Sprague noted that the payment method using BitPay, a third party payment processor, should have been selected through a competitive selection process and therefore falls under the definition of "financial transaction device" which is outlined in the Ohio Revised Code section 113.40. Mr. Sprague mentioned that it is important that we pursue new technologies but we must ensure that they are implemented openly and transparently in accordance with Ohio law. Mr. Sprague also stated that his job as Ohio Treasurer is to ensure the protection of tax dollars and follow the laws of the state of Ohio. As a result of the review, the Treasurer's office is immediately suspending the contract with BitPay. The following resolution being presented to the Board of Deposit is asking the Attorney General's office for a formal opinion as to whether the services provided by BitPay falls under a financial transaction device under Ohio law.

**STATE BOARD OF DEPOSIT
RESOLUTION - 2019-04**

October 2, 2019

WHEREAS, the Board of Deposit seeks legal guidance in the form of a formal opinion from the office of the Ohio Attorney General regarding a payment processor used by the office of the Treasurer of Ohio;


THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF DEPOSIT THAT THE FOLLOWING QUESTION BE PRESENTED TO THE OFFICE OF THE OHIO ATTORNEY GENERAL:

Is the "OhioCrypto.com" cryptocurrency payment processor a financial transaction device, and if so, should the payment of state taxes using this payment processor be approved by the Board of Deposit under Revised Code Section 113.40?

Mr. Sprague asked for a motion to approve the resolution. Mr. Faber motioned to approve and Mr. Sprague seconded. Mr. Yost abstained from the vote because the Attorney General and his office will be providing the legal opinion related to this resolution. He commented on the OhioCrypto.com program stating that there are limited, legitimate reasons for using cryptocurrency but they should not be applied to taxes of the state. Mr. Yost also commended Mr. Sprague for his leadership and for following the law by taking this action and sharing this information with the Board of Deposit. Mr. Sprague thanked the Board for allowing the office the time to complete the review.

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There being no further business to come before the Board, Mr. Sprague adjourned the meeting.



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

ATTEST 
SECRETARY

ATTORNEY GENERAL 

AUDITOR OF STATE 