



TREASURER OF STATE

February 25, 2008

Tuesday, 18 March 2008 04:20

Minutes of the meeting of the State Board of Deposit held Monday February 25, 2008 at 10:00 a.m. in the office of the Treasurer of State.

MEMBERS PRESENT:

Richard Cordray, Treasurer of State (Chair)

Thomas Winters, representing Attorney General Marc Dann

Tim Keen, representing Auditor of State Mary Taylor

OTHERS PRESENT:

Christina Haddad, Auditor of State

Mike Deemer, Attorney General

Amy Minardo, Treasurer of State

Sue Hamilton, Treasurer of State

Jennifer Day, Treasurer of State

Holly Hollingsworth, Treasurer of State

Bob Newman, Treasurer of State

Michael Sawczyn, Treasurer of State

Stacey Cumberlander, Secretary

The Secretary of the State Board of Deposit has complied with section 135-1-01 of the Administrative Code concerning notice of the meetings of the State Board of Deposit.

Treasurer Cordray moved that the reading of the minutes of the State Board of Deposit meeting held January 24, 2008 which had previously been distributed to the members be dispensed and that the minutes be approved. Mr. Winters approved and Mr. Keen seconded. The motion carried.

OLD BUSINESS

Depository RFP process is being worked through. The Treasurer's office has consulted with the Attorney General's office about how to handle open meetings issues. Individual staff will provide information to their respective

board member of their recommendations. There will be no communication with the board members regarding the RFP outside of the scheduled meetings.

The office is providing outreach to larger account holders to see how they feel about their current depository banks and the customer service they are receiving. This will be beneficial to the selection process for the depository RFP.

NEW BUSINESS

ECONOMIC OUTLOOK / INVESTMENT

Investment Director Bob Newman presented an overview of the investment philosophy. The Federal Funds rate is at 3.0%. Since January 18, 2008 the Federal Funds rate has been lowered by 1.25%. There is a 100% chance of a decrease of the fed funds rate of 3.0% at the March 18, 2008 (FOMC) Federal Open Market Committee meeting. The housing market is expected to remain weak throughout 2008 as new and existing home sales have declined an estimated 50%. Core CPI increased 0.3% in the month of January 2008. The unemployment rate declined by 0.02% in January 2008 to a national average of 4.9%. In summary, the recent credit market turmoil driven by a dislocation in the sub-prime housing sector will slow aggregate economic growth in the U.S. over the coming months. We anticipate a further reduction to the federal funds rate at the March 2008 and April 2008 (FOMC) Federal Open Market Committee meeting. The strategy is to continue to add value and position the portfolio in line with near term expectations on interest rates.

Under new business 1st National Community Bank, East Liverpool, Ohio was presented to the Board for approval to become an interim state depository. Mr. Winters approved and Mr. Keen seconded.

Also under new business a resolution was presented to the Board regarding inactive deposits. Mr. Winters approved and Mr. Keen seconded.

RATIFICATION OF THE INTERIM FUNDS

Treasurer Cordray moved for the Board to ratify \$5,339,948,748.08 as interim funds for January 2008. Mr. Keen approved and Mr. Winters seconded. Motion carried.

CERTIFICATION OF BOARD EXPENSES

In accordance with Section 135.02 of the Ohio Revised Code, the Chairman and the Secretary of the State Board of Deposit certified that the necessary expenses of the Board which represent KeyBank FDC

deconversion fees for January 2008 were \$8,000.00. KeyBank Trust banking fees for December 2007 were \$10,130.08. KeyBank regular banking fees for January 2008 were \$89,388.59. KeyBank regular banking fees (revision) for December 2007 were \$738.79. Treasurer of State Project Development fees for January 2008 were \$30,663.77. PNC banking fees were \$285.72 for December 2007. National City banking fees for December 2007 were \$13.50. Charter One banking fees were \$205.80 for December 2007. Fifth Third banking fees (DNR Wapakoneta) were \$58.37 for December 2007 and Fifth Third deposit tickets (DNR Maumee) were \$64.61 for January 2008. McBee deposit tickets (DNR Watercraft) for January 2008 were \$68.50. The Board authorized the Chairman to pay these expenses from the appropriations for that purpose.

There being no further business to come before the Board, Treasurer Cordray moved to adjourn. Motion carried. Meeting adjourned.

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

ATTEST _____
SECRETARY

ATTORNEY GENERAL _____

AUDITOR OF STATE _____