



JOSH MANDEL
STATE TREASURER OF OHIO

February 24, 2011

Friday, 25 March 9:34

Minutes of the meeting of the State Board of Deposit held February 24, 2011 at 10:00 a.m. in the Office of the Treasurer of State.

MEMBERS PRESENT:

Seth Metcalf, representing Treasurer of State Josh Mandel
Kim Murnieks, representing Attorney General Mike DeWine
Brenda Rinehart, representing Auditor of State Dave Yost

OTHERS PRESENT:

Bill Bishilany, Treasurer of State
Jennifer Day, Treasurer of State
Gordon Short, Treasurer of State
Mike Fracassa, Treasurer of State
Sue Hamilton, Attorney General
Sheryl Klein, Treasurer of State
Seth Unger, Treasurer of State
Jane Wolfe, Treasurer of State
Betsy Zimmerman, Treasurer of State
Kyana Pierson, Treasurer of State
Ryan Bilsky, Treasurer of State
David Baird, Bank of New York
Stacey Cumberlander, Secretary

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

Mr. Metcalf asked for a motion that the reading of the minutes of the State Board of Deposit meeting held January 27, 2011, which had previously been distributed to the members be dispensed and that the minutes be approved. Ms. Rinehart made the motion to approve the minutes and Ms. Murnieks seconded. The motion was approved.

OLD BUSINESS

There was no old business to come before the board.

NEW BUSINESS

ECONOMIC OUTLOOK / INVESTMENT

Mr. Short presented an overview of the investment philosophy. The investment objectives are preservation of principal, maintenance of liquidity and to maximize return. The Federal Funds target rate remains flat at 0-.25%. The Federal Funds rate will continue to remain flat due to subdued inflation and elevated unemployment. Core CPI (Consumer Price Index) is the primary measure of inflation. Core CPI came in higher than expected at 0.2% compared to 0.1% in December. Core PPI (Producer Price Index) data for January 2011 was higher than expected at 0.5% compared to the 0.2% reported in December. Total inflation is expected to remain subdued for the next three years according to the January meeting minutes from the FOMC (Federal Open Market Committee). Ohio housing data for January is unavailable until March. Mortgage applications rose for the month. Mortgage rates have continued to climb which could slow the potential for housing recovery. Housing starts were up in January 14.6% compared to a decrease of 4.3% in December. Building permits were down 10.4% in January compared to an increase of 16.7% in December. Unemployment for January fell to 9.0% from the 9.4% reported for the month of December. The jobs report for January was discredited due to market conditions and winter weather that affected much of the country. The strategy is to cautiously balance safety, liquidity and yield by investing in short term securities.

Under new business a report of earnings credit balances was presented to the board. Ms. Rinehart would like to have more historical information that would reflect what the earnings credits were in the past compared to what they are now. This information will be provided to Ms. Rinehart prior to or at the March 2011 board meeting.

RATIFICATION OF THE INTERIM FUNDS

Mr. Metcalf asked for a motion for the Board to ratify \$5,811,324,566.92 as interim funds for January 2011. Ms. Murnieks moved and Ms. Rinehart seconded. Motion carried.

CERTIFICATION OF BOARD EXPENSES

In accordance with Section 135.02 of the Ohio Revised Code, the Chairman and the Secretary of the State Board of Deposit certified that the necessary expenses of the Board which represent KeyBank banking fees for December 2010 were \$75,131.00 and KeyBank banking fees for January 2011 were \$90,127.75. KeyBank Trust banking fees for January 2011 were \$7,544.67. Fifth Third banking fees for ODNR Maumee Bay were \$73.38 for December 2010 and \$73.08 for January 2011. Fifth Third banking fees for ODNR Wapakoneta were \$59.60 for December 2010 and \$56.37 for January 2011. Fifth Third banking fees for ODNR Akron were \$64.11 for December 2010 and \$63.06 for January 2011. Ms. Rinehart made a motion to authorize the Chairman to pay these expenses from the appropriations for that purpose. Ms. Murnieks seconded.

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

JOSH MANDEL, TREASURER OF STATE
CHAIRMAN, STATE BOARD OF DEPOSIT

ATTEST _____
SECRETARY

ATTORNEY GENERAL _____