



TREASURER OF STATE

November 20, 2008

Friday, 19 December 2008 11:03

Minutes of the meeting of the State Board of Deposit held Tuesday November 20, 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 Nancy Rogers

Tim Keen, representing Auditor of State Mary Taylor

OTHERS PRESENT:

Sue Hamilton, Treasurer of State

Jonathan Vega, Treasurer of State

Chris Glaros, Treasurer of State

Sheryl Klein, Treasurer of State

Bob Newman, Treasurer of State

Amer Ahmad, Treasurer of State

Holly Hollingsworth, 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 October 21, 2008 which had previously been distributed to the members be dispensed and that the minutes be approved. Mr. Keen approved and Mr. Winters seconded. The motion carried.

OLD BUSINESS

There was no old business to come before the Board.

NEW BUSINESS

ECONOMIC OUTLOOK / INVESTMENT

Investment Director Bob Newman presented an overview of the investment philosophy. The Federal Funds rate is at 1.00%. On November 12, 2008 the Federal Funds options market reflected a 95.5% chance of a decrease from the 1.00% rate at the December 16, 2008 meeting. The Federal Funds rate is forecasted to remain flat through June 2009. Core CPI is the primary measure of inflation. Inflation is expected to stabilize over the coming months as the foreign and domestic economies are slowing and energy consumption declines. Existing home sales increased 5.5% in September compared to August home sales figures. New home sales increased 2.7% in September compared to sales figures from August. The foreclosure crisis continues to have an impact on the economy. The national unemployment rate for October 2008 was reported at 6.5%. It is our belief that the recent credit market turmoil will continue to slow aggregate economic growth in the U.S. through the remainder of 2008 and early 2009. The strategy is to add value and position the portfolio in line with near term expectations on interest rates.

Under new business the following bank was presented to the Board to become an interim state depository:

Middlefield Banking Company - Middlefield, Ohio

There was a motion to approve this bank. Mr. Keen approved and Mr. Winters seconded. Motion carried.

Also under new business an update was given of the banking contracts and the status of earnings credits owed the state for the period of June 2007 through June 2008. As a result of the Treasurer's office reviewing all banking contracts in partnership with the banks and monitoring how the contracts are carried out, the state will receive \$880,120.92 in total earnings credits which the banks had not properly credited to the state in 2007 and 2008.

RATIFICATION OF THE INTERIM FUNDS

Treasurer Cordray moved for the Board to ratify \$4,018,993,353.56 as interim funds for October 2008. Mr. Winters approved and Mr. Keen 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 regular banking fees for October 2008 were \$81,349.70. KeyBank Trust banking fees for October 2008 were \$8,671.91. KeyBank banking fees for (State

Highway Patrol Drop) for October 2008 were \$697.93. US Bank banking fees were \$172.38 for October 2008. National City banking fees were \$46.84 for September 2008 and \$38.73 for October 2008. PNC banking fees were \$211.86 for September 2008. Board of Deposit fees for agreed upon procedures were \$9,600.00 for August 2008 and \$2,661.00 for October 2008. Mr. Winters authorized the Chairman to pay these expenses from the appropriations for that purpose. Mr. Keen seconded.

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 _____