



**JOSH MANDEL**  
STATE TREASURER OF OHIO



# STAR Ohio Update

## April 17, 2013

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Go To Webinar at (800) 263-6317

# Overview

- Market Update
- STAR Ohio Update
- STAR Ohio Program Enhancements
- STAR Plus Update
- Q&A



# Market Update



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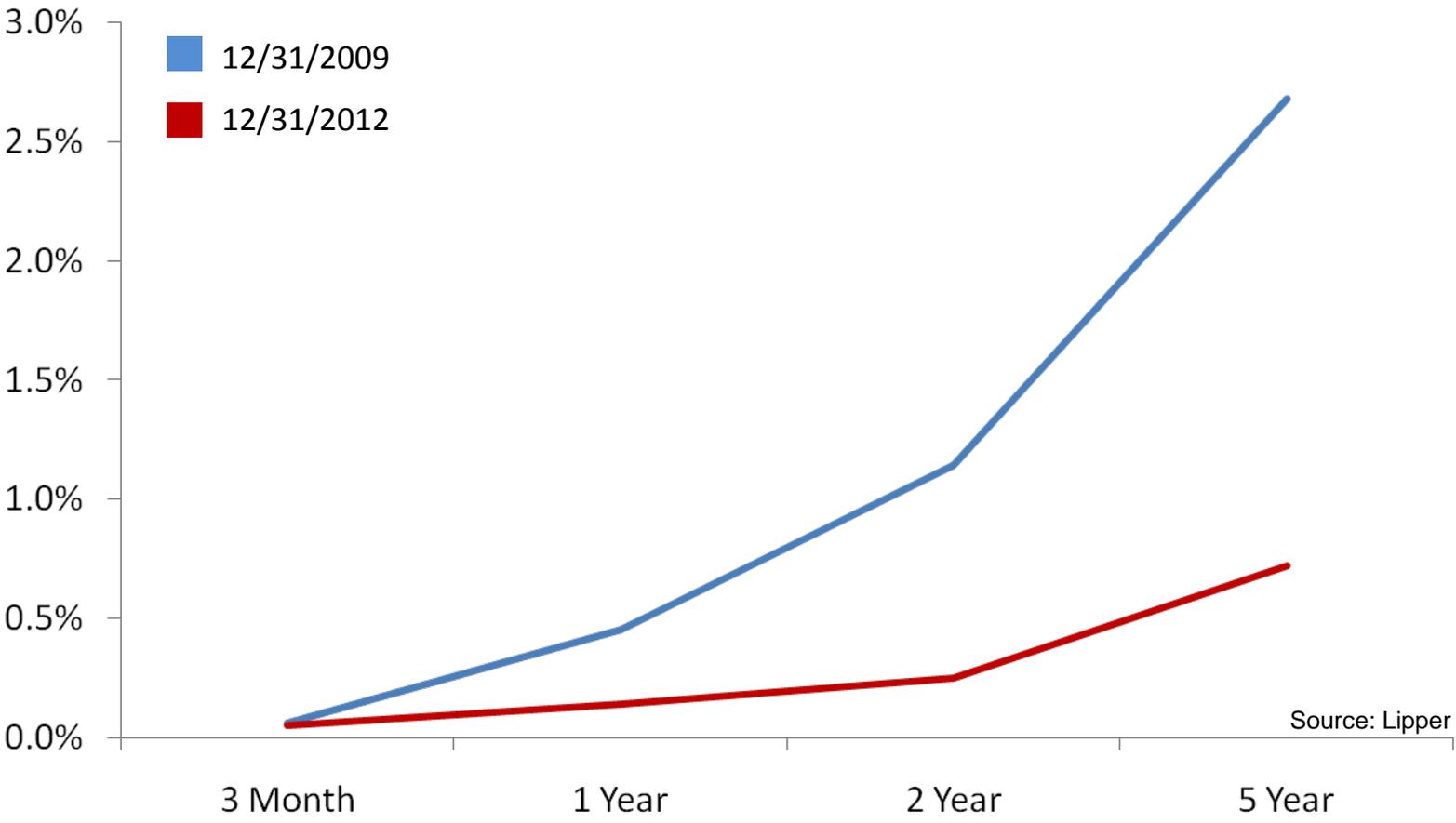
- Fixed income investors have continued to struggle to find attractive yields since the Federal Reserve lowered its key rate to 0.00% – 0.25% in December 2008.
- A painfully slow economic recovery in the United States, coupled with a tumultuous period for many European economies, has contributed to a low interest rate environment.



- “Flight to Quality”
- U.S. Treasury yields have traded in various ranges, and at very low levels.
- One-year T-bills have barely exceeded 20 basis points (0.20%) since April of 2011 and are currently trading around 12 basis points (0.12%).



# U.S. Treasury Yield Curve Comparison



Source: Lipper



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# U.S. Economic Recovery

- Market analysts interpret recent economic data as improving:
  - Employment Data
  - Home Sales
  - Inflation steady
- The Federal Open Market Committee (FOMC) believes that the recovery is too weak to remove any of its “easy money” policies.
  - The FOMC has gone as far as putting targets of 2.5% on inflation and 6.5% on the unemployment rate.



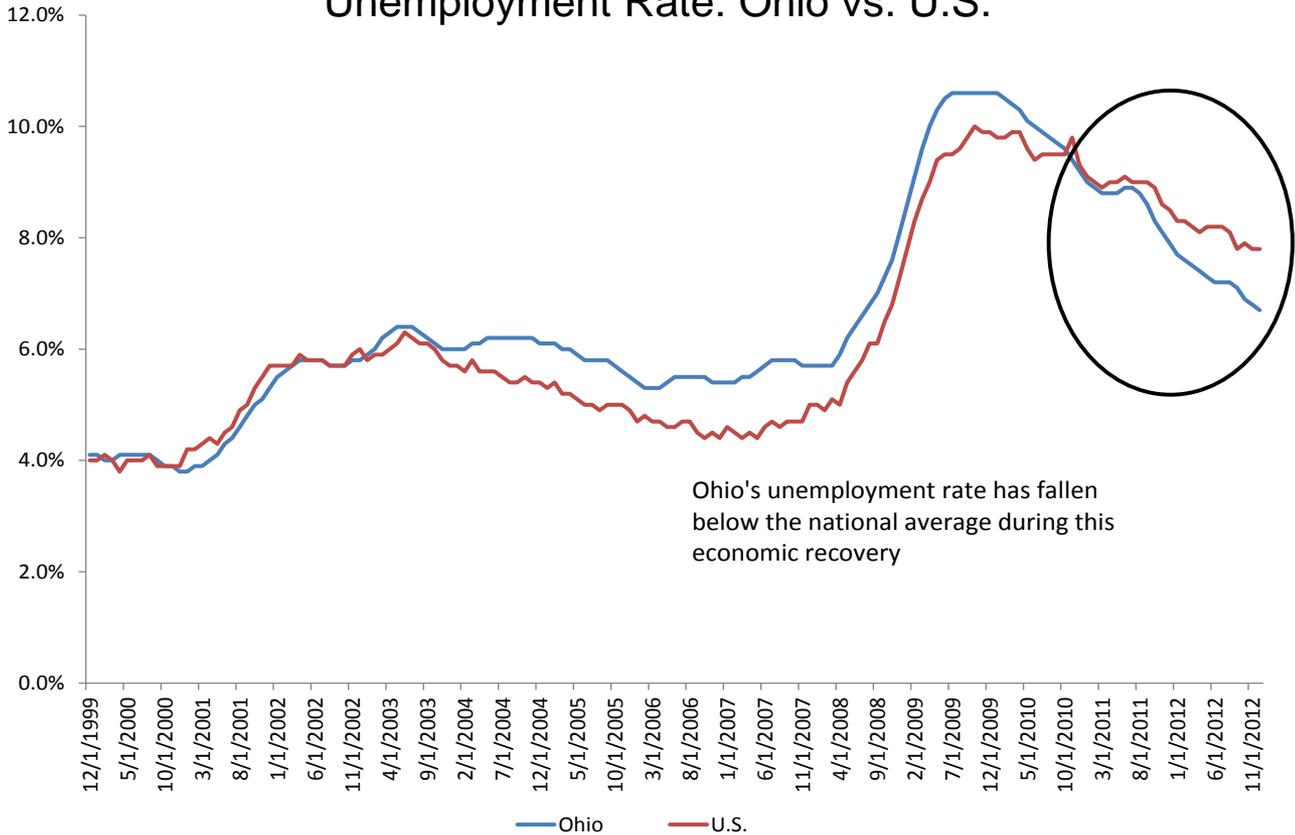
# Ohio Economic Data

Jobs Added in 2012		
1	Texas	260,800
2	California	225,900
3	New York	123,600
4	<b>Ohio</b>	<b>90,700</b>
5	Georgia	74,100

Manufacturing Jobs Added in 2012		
1	Indiana	17,500
2	Michigan	17,000
3	Illinois	16,500
4	<b>Ohio</b>	<b>15,300</b>
5	Tennessee	12,200

Source: Bureau of Labor Statistics

### Unemployment Rate: Ohio vs. U.S.



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# European Financial Crisis

- European economies continue to struggle, many of which are in recession.
- It remains unclear as to how the countries that received bailouts via the Long-Term Refinancing Operation (LTRO) will recover economically.
- Economists think that it may take years for countries like Portugal, Italy, Greece, Spain and Cyprus to work through structural and fiscal changes.



# STAR Ohio Update



**Local Government Investment Pool  
Managed By The State Treasurer of Ohio**



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- Established in 1985
  - Investment Alternative for Ohio Public Fund Managers
- Approximately \$3.3 Billion Pool
- Rated AAAm by Standard & Poor's
  - Since 1995
  - Affirmed in 2012



# Investment Philosophy

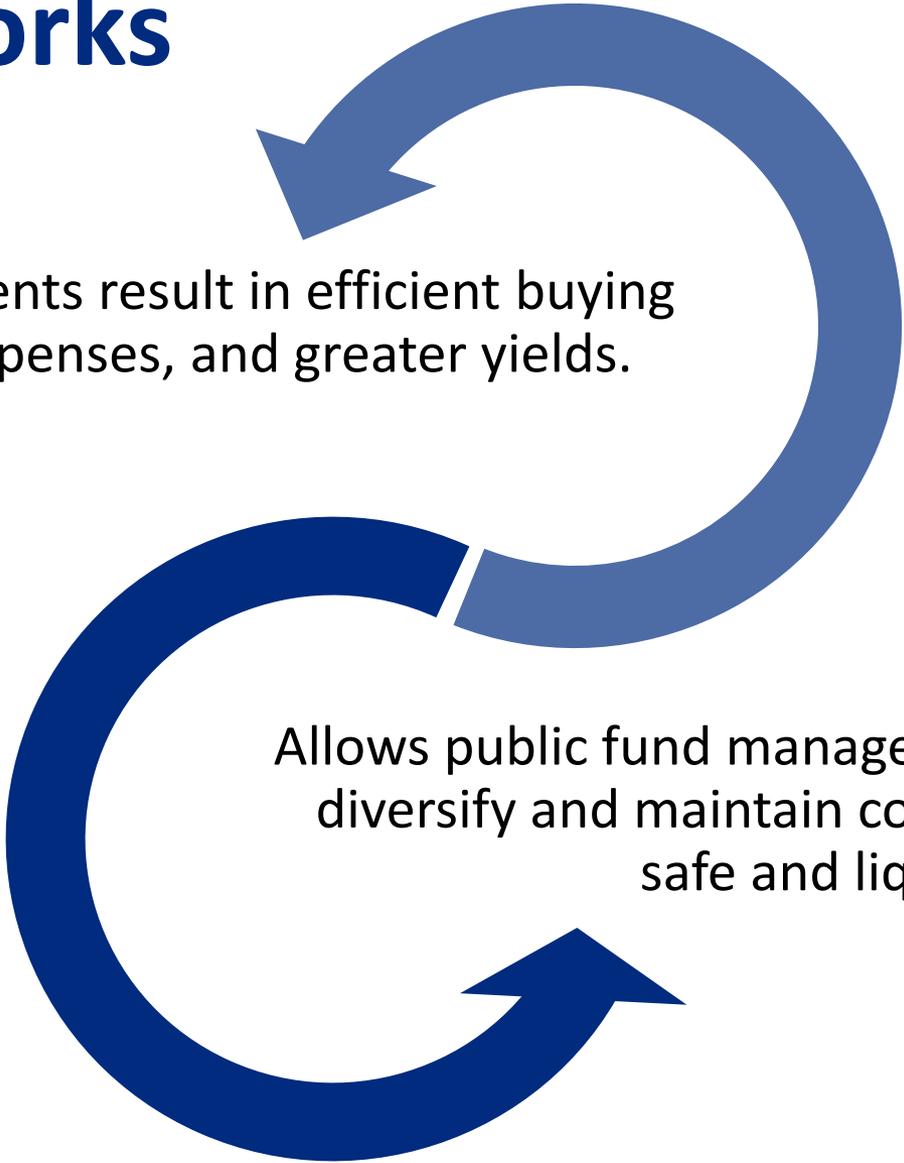
- The Investment Department of the State Treasurer invests with three principles in mind in the following order:
  - Safety
  - Liquidity
  - Yield



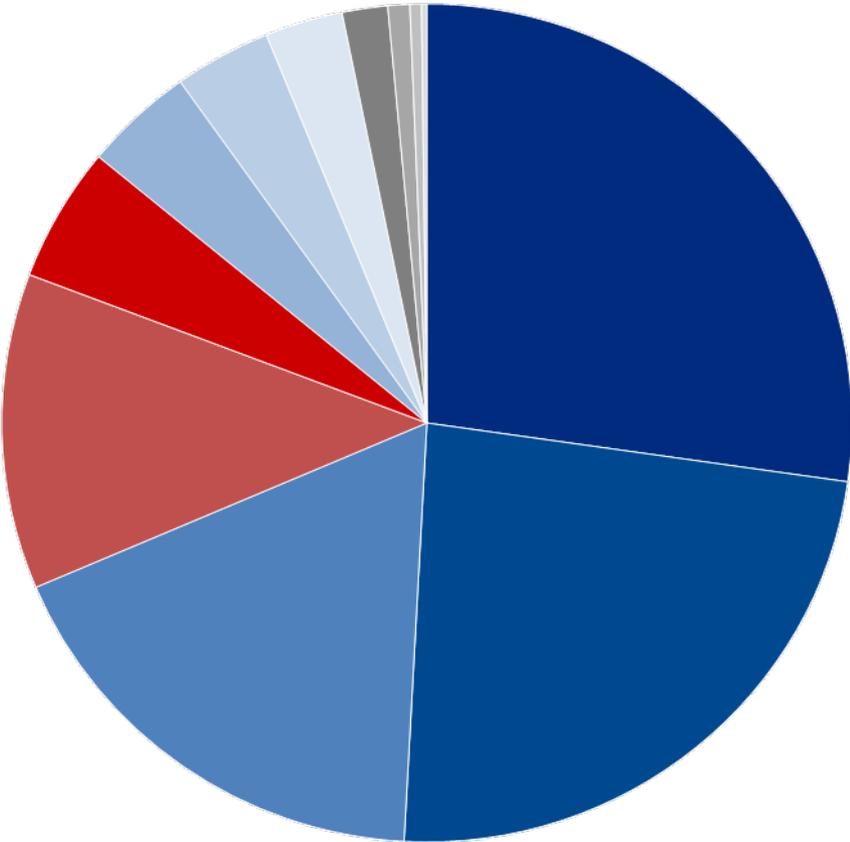
# How it Works

Pooled investments result in efficient buying power, lower expenses, and greater yields.

Allows public fund managers to effectively diversify and maintain confidence with a safe and liquid investment.



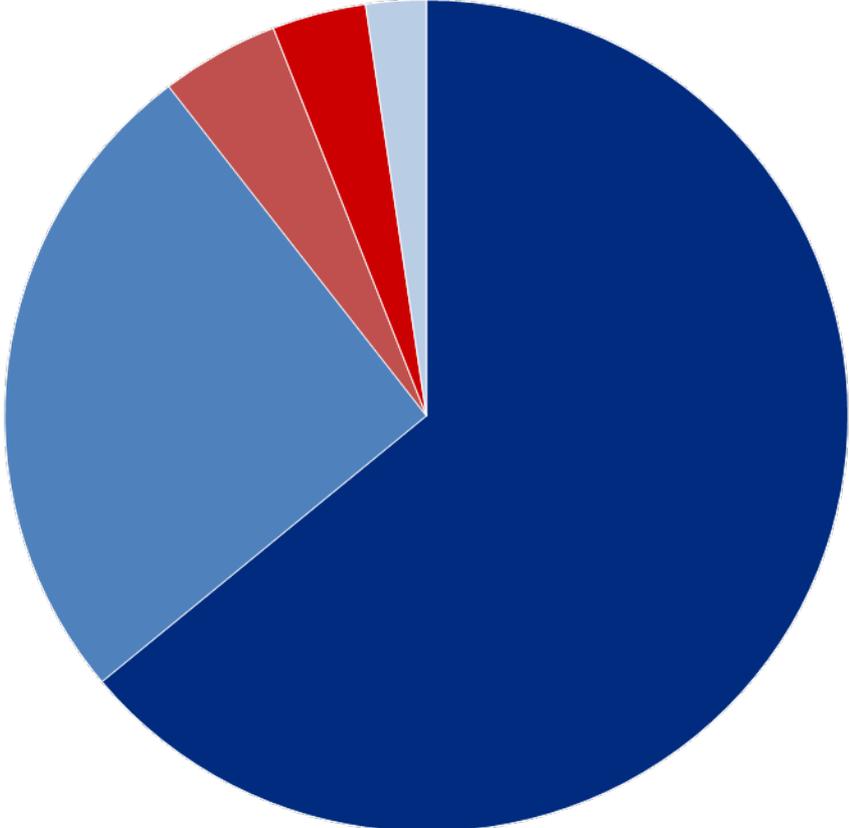
# Current Participants



Local & Exempt School	27.24%
Custodial/Pension:	23.61%
Cities:	17.73%
Counties:	12.17%
Higher Education:	5.20%
Townships:	4.19%
Miscellaneous:	3.69%
Library:	2.96%
Villages:	1.73%
Joint Vocational School:	0.83%
SWCD:	0.44%
Fire District:	0.20%



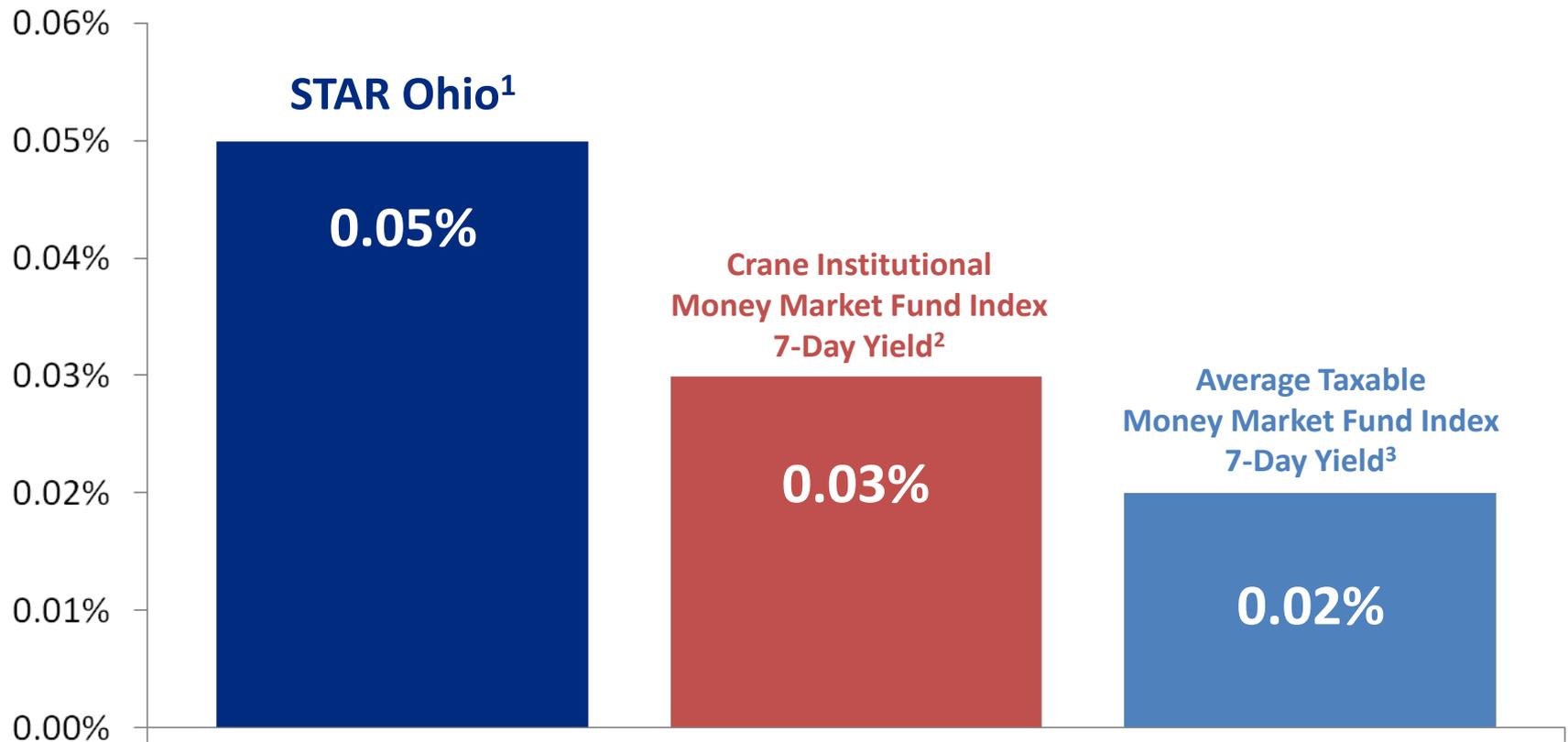
# Current STAR Ohio Portfolio



■ U.S. Government Securities	63.96%
■ Commercial Paper	25.57%
■ Corporate Bonds	4.55%
■ Bank Deposits	3.60%
■ Money Market Funds	2.31%



# Yield Comparison



<sup>1</sup> Source: [www.STAROhio.com](http://www.STAROhio.com)

<sup>2</sup> Source: [www.bloomberg.com](http://www.bloomberg.com)

<sup>3</sup> Source: [imoney.net](http://imoney.net)



# Enhancements



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# STAR Ohio Enhancements

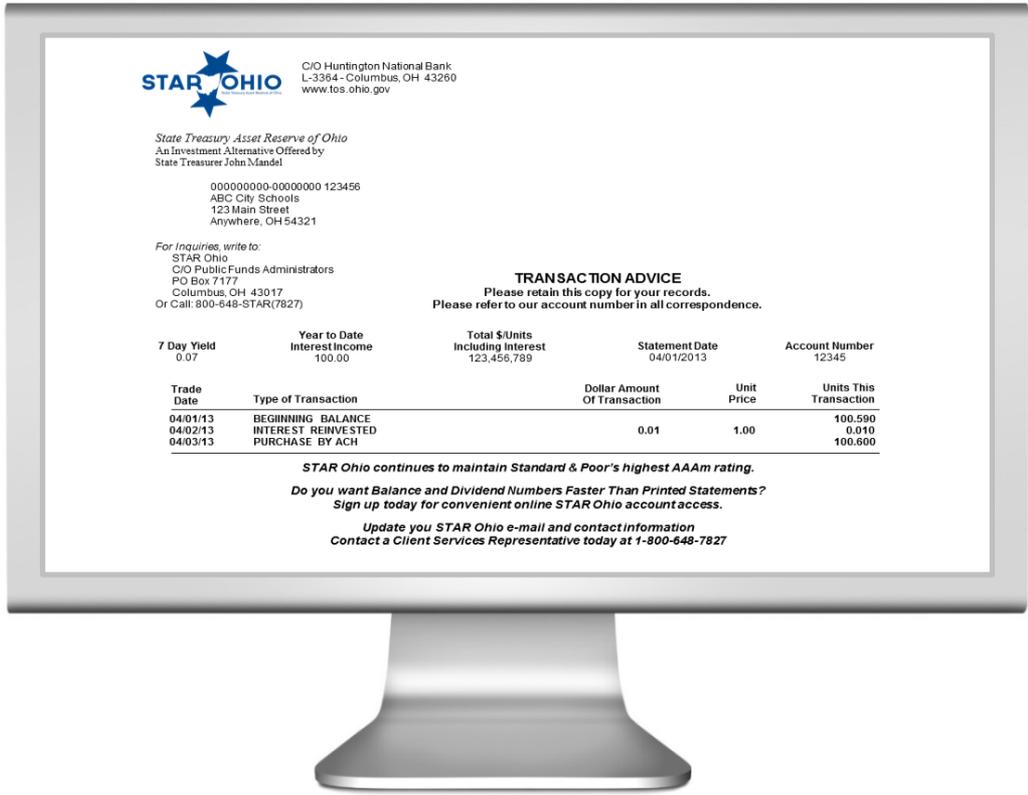
1. Electronic Statements
2. Electronic Confirmations
3. Wire Redemption Capabilities
4. Online Transfers between STAR Ohio Accounts
5. Combining of Statements



# Electronic Statements

All participant account statements are available online.

You can now choose to eliminate paper statements.



# Benefits of Electronic Statements

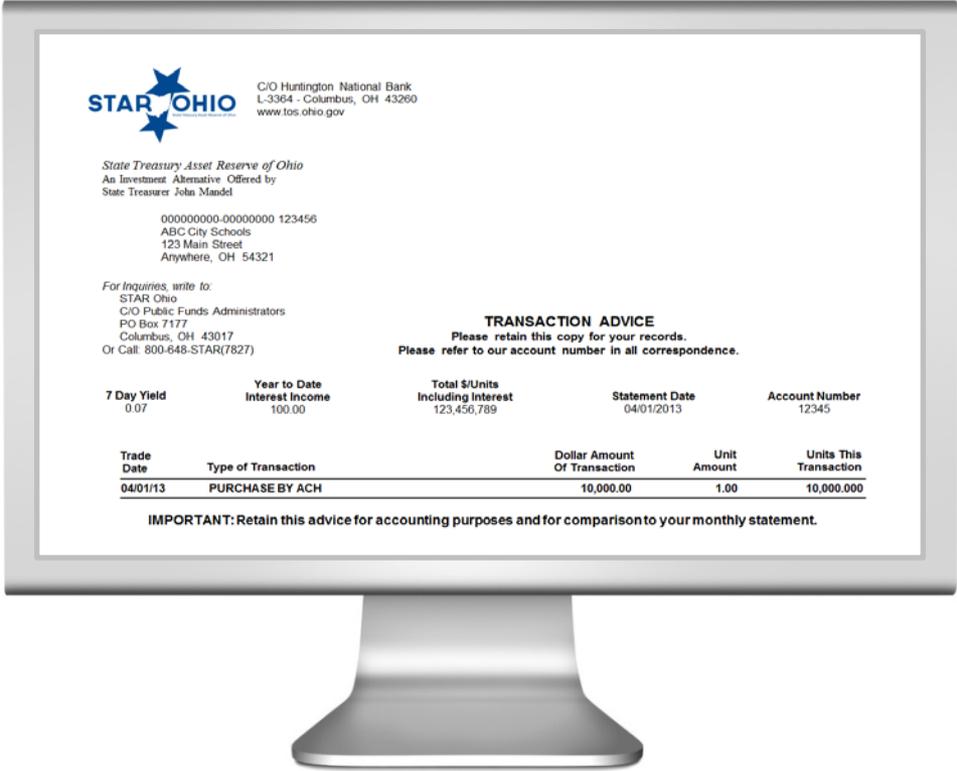
- Available first business day of the month
- Printable PDF
- 24/7 Access
- Save to your computer for easy, paper free record keeping
- Easy, Convenient, Green!



# Electronic Confirmations

All transaction confirmations are available online.

Effective July 1, 2013, transaction confirmations will no longer be mailed.



# Benefits of Electronic Confirmations

- Daily transaction confirmations
- Printable PDF
- All transaction activity will also be included on the monthly statement
- Save to your computer for easy, paper free record keeping



# Wire Redemption Capabilities

Redeem funds from your STAR Ohio account online via wire.



The screenshot shows the STAR Ohio website interface for a wire redemption. The page is titled "Redemption – Step 1 of 3". On the left is a dark blue navigation menu with the following items: Portfolio Summary, Account Listing, Account Detail, Deposit, Withdrawal, Transfer, Account History, Pending Transactions, Security Profile, Help Center, and Logout. The main content area is white and contains the following information:

- STAR OHIO** logo with the tagline "State Treasury Asset Reserve of Ohio".
- Account Registration:** ABC LOCAL SCHOOLS GENERAL LOCAL EXEMPT SCHOOL.
- Account Number/Fund:** 1234/STAR OHIO (dropdown menu).
- Redemption Amount:** Radio buttons for "Dollar Amount" (selected) and "All Shares".
- Amount:** An empty input field.
- Payment Method:** A dropdown menu showing "Wire Payment".
- Payment Method Options:**
  - FITH THIRD BANK**  
FBO ABC LOCAL SCHOOLS  
0123456789 (Routing number)  
0001 (last 4 digits of account)
  - HUNTINGTON NATIONAL BANK**  
FBO ABC LOCAL SCHOOLS  
0001123456 (Routing number)  
0011 (last 4 digits of account)
- PIN (required):** An empty input field.
- Buttons:** "Next Step" and "Cancel".



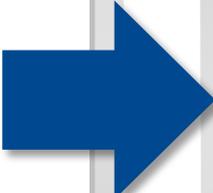
# Benefits of Wire Capabilities

- 24/7 Access
- No phone call is necessary
- Ability to schedule redemptions up to 14 calendar days in advance
- ACH redemptions are currently available



# Online Transfers between STAR Ohio Accounts

Transfer funds between STAR Ohio accounts



# Online Transfer Benefits

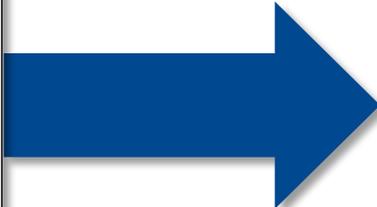
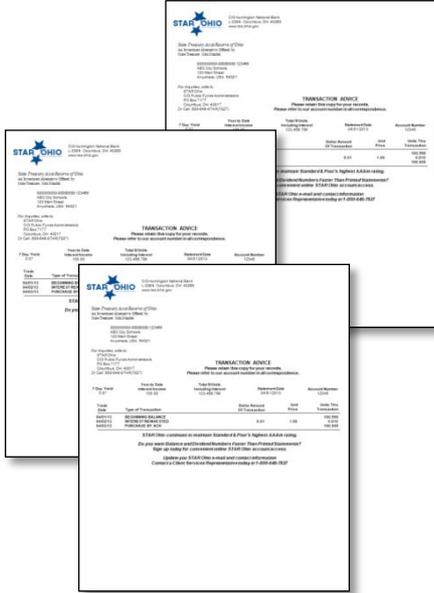
- 24/7 Access
- Convenient
- No phone call is necessary



# Combining of Statements

Upon request, this function will combine statements for participants with multiple STAR Ohio accounts

Multiple STAR accounts



One Statement

STAR OHIO  
 CO Huntington National Bank  
 L-0364-Columbus, OH 43260  
 www.tso.ohio.gov

State Treasury Asset Reserve of Ohio  
 An Investment Alternative Offered by  
 State Treasurer, Josh Mandel

0000000000-0000000 123456  
 ABC City Schools  
 123 Main Street  
 Anywhere, USA 54321

For Inquiries, write to:  
 STAR Ohio  
 CO Public Funds Administrators  
 PO Box 1177  
 Columbus, OH 43217  
 Or Call: 800-648-STAR(7827)

**TRANSACTION ADVICE**  
 Please retain this copy for your records.  
 Please refer to our account number in all correspondence.

T Day Yield	Year to Date Interest Income	Total \$ Units Including Interest	Statement Date	Account Number
0.07	100.00	123,456.789	04/01/2013	12345

Trade Date	Type of Transaction	Dollar Amount Of Transaction	Unit Price	Units This Transaction
04/01/13	BEGINNING BALANCE			100.000
04/02/13	INTEREST REINVESTED	0.01	1.00	0.010
04/03/13	PURCHASE BY ACH			100.000

STAR Ohio continues to maintain Standard & Poor's highest AAAam rating.  
 Do you want Balance and Dividend Numbers Faster Than Printed Statements?  
 Sign up today for convenient online STAR Ohio account access.

Update your STAR Ohio e-mail and contact information  
 Contact a Client Services Representative today at 1-800-648-7827



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# Benefits to Combining of Statements

- Ease of use when reviewing activity across multiple accounts
- More efficient to print and mail
- Easy, Convenient, Green!



# Implementation

- Instructions to implement new enhancements are available on the STAR Ohio website
- To ensure you are receiving all account notifications, please communicate your email address to STAR Ohio Client Services
  - [info@starohio.com](mailto:info@starohio.com)
  - (800) 648-7827 (STAR)



# STAR Plus Update



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# STAR Plus Benefits Public Funds Managers

- **\$996** million in Local Government Deposits
- Benefited over **316** government subdivisions
- **100%** FDIC-Insured Deposits
- Yielding **21** Basis Points<sup>1</sup>

<sup>1</sup> Current Net Yield and maximum FDIC insurance coverage is indicative for STAR Plus and may change without notice due to changes in market or business conditions. Current Net Yield is the net yield to client based on APYE as of 2/28/13. For Current Net Yield call 1(800) 648-STAR (7827).



# STAR Plus Basics

- Convenience of one account and one statement
- All deposits are demand deposits and are 100% FDIC-insured
- Up to \$15 million in deposits per legal entity
- Seamless integration with STAR Ohio account
- Weekly withdrawal and daily deposit capability
- Powered by Federally Insured Cash Account™ (FICA®)
- Daily transparency with 24/7 online access to account information



# Questions?

Please submit questions  
through the question panel.





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# Thank You

Thank you for your time today and if you have any questions regarding the presentation, please feel free to contact us or the STAR Ohio Co-Administrator  
Public Funds Administrators (PFA):

Conrad R. Metz  
Ryan A. Bilsky  
Investment Department  
Office of Ohio Treasurer, Josh Mandel  
(614) 466-3511

Public Funds Administrators  
Client Services  
1-800-648-7827