



JOSH MANDEL

STATE TREASURER OF OHIO

First-of-its-kind Program a Win for Ohio Taxpayers and Local Economies

COLUMBUS – State Treasurer Josh Mandel announced today that Ohio would become the first state in the nation to offer an innovative new program that will provide safe and competitive returns on cash deposits for Ohio local governments and aims to help keep Ohio public funds in Ohio banks. The STAR Plus program is modeled after established private-sector programs and will allow government funds managers to deposit funds into a carefully-screened network of hundreds of Federal Deposit Insurance Corporation (FDIC) insured banks via a single convenient account. Public funds deposited in the program will be fully secured with no credit or market risk and earn a competitive yield.

"This innovative idea is a win for local governments who are tightening their belts and stretching tax dollars, a win for community banks that fuel local economies, and a win for Ohio families because it will foster an opportunity for job creation across Ohio," said Mandel. "STAR Plus strives to keep Ohio public funds in Ohio community banks, a goal made all the more significant in the aftermath of the Wall Street bank bailouts and era of 'too-big-to-fail' programs at the federal level."

STAR Plus was made possible by a new law, HB 209, that Treasurer Mandel supported and the state legislature passed with bipartisan support. The law seeks to help public funds managers deposit cash reserves in Ohio banks in an effort to help keep local taxpayer dollars in the community banks that fuel local economies and small business growth. According to data compiled by the FDIC, community banks hold less than 25% of all deposits in the banking system nationally, but make more than 50% of the small business loans.

"With the launch of this program, Ohio is leading the nation by example and helping communities invest their taxpayer dollars in banks here at home," said Mandel. "Local community banks play an important role in providing capital to the small businesses that create jobs for Ohioans. I urge public funds managers in our townships, counties, cities and school districts to take a look at the program and see if it makes sense for them."

"Community banks can benefit from the program's goal of redirecting deposits to Ohio community banks," said Robert L. Palmer, President and Chief Executive Director of the Community Bankers Association of Ohio. "Community banks have a long and proven track record of making capital available to small business customers which stimulates local economies. The Community Bankers Association of Ohio is excited about this innovative program, and to work closely with Treasurer Mandel, local governments and the small business community to strengthen the investment we all have in Ohio."

STAR Plus offers local governments a competitive yield compared to investments with similar maturities, such as money market funds, U.S. treasury bills, commercial paper, certificates of deposit, and time deposits. Currently, STAR Plus yields 25 basis points.

"Many public funds managers across Ohio are experiencing low yields on investments due to historically low interest rates. The Treasurer's new STAR Plus program is a welcome option for counties looking for safe investments that provide competitive



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returns for taxpayers,” said Butler County Treasurer Nancy Nix. “The fact that this program seeks to place deposits in Ohio banks is an added bonus that can help keep our tax dollars closer to home in local communities.”

STAR Plus is powered by an innovative, patent-pending process that will ensure that government cash deposits have full FDIC insurance coverage from an extensive network of carefully-screened, participating banks. Public funds managers will create one STAR Plus account for cash deposits. Funds will be deposited in multiple banks to provide the maximum deposit insurance amount as set by the FDIC, currently \$250,000, providing the backing of the full faith and credit of the U.S. Government. The minimum amount required to open a STAR Plus account is \$500,000, and the current maximum amount is \$10,000,000 per depositor. The program offers daily deposit capability and weekly liquidity with penalty-free withdrawals for public funds managers.

STAR Plus is offered exclusively to STAR Ohio participants and is fully endorsed by the State Treasurer of Ohio, who will provide continuing oversight to ensure that the program remains a safe and reliable option for local public investment officers.

For more information on STAR Plus, please visit: www.STAROhioPlus.com or www.OhioTreasurer.gov

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