



## TREASURER OF STATE

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Treasurer of State Dennis Milligan's Quarterly Column

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This is Dennis Milligan, your State Treasurer, with a message about the work we do on your behalf.

As we all sit back, enjoy the Olympic Games and of course root for TEAM USA, I feel we all share an appreciation for records and historical achievements.

For example, when Michael Phelps qualified for the 2016 Olympic Games in Rio, he became the first male swimmer to make five U.S. Olympic Teams.

Here's another, TEAM USA took 556 athletes to the 2012 London Games, second only to the host nation, and is again expected to bring more athletes than all the other visiting nations in Rio. The U.S. topped the medal count in 2012 with 46 gold and 104 medals overall.

Striving to be the best and beating historical marks are a driving force not only in sports and business, but for me in public service.

It's our quest to do better and aim higher that makes us uniquely, well, American. I believe you have to aim for the stars to at least get off the ground.

In my quarterly report to the State Board of Finance, I was thrilled to announce that my office had receipted a total \$48.98 million dollars in interest from the investment of your tax dollars for fiscal year 2016.

That is over double what my office receipted in 2015 with \$22.31 million, and is more than the \$44 million in 2005 and the \$47.5 million in 2009. These are tremendous figures and prove that hard work and putting the people first really do produce better results for the State.

Now to really look at these comparisons apple-to-apple, we need to review the interest rate levels for these time periods. The Federal Funds Rate set by the Federal Reserve is the driving force behind all other interest rate levels.

In 2005, when again the office receipted \$44 million the Federal Funds rate started at 1.25% (5 times the current amount) and ended at 3% (12 times the current amount.) In fiscal year 2009 when the office receipted \$47.5 million the rate started at 2% (8 times the current amount) and ended at zero percent which is where we started this fiscal year.

We have been able to beat some of the better returns this office produced by those who came before me and have done so with less favorable market conditions. We have been able to take money sitting in passive investments and put them to work for you the taxpayer.

In just this short time we have been able to transform the treasury from one of a passive management style to one that is being actively managed. That also includes transitioning out of all the holdings that were in the portfolio when I took office. That was no small feat. Last year alone my office did over 1000 trades. Previously that number would be around 100 or so.

You, the tax-payers and voting citizens of the state, will eventually judge my performance in this office. I would like to think that doubling your money and doing better than in the past, with less favorable conditions, is worthy of a gold medal in your opinion. However, like the vast majority of athletes at the Olympics, one of the biggest rewards I share in spirit with them is simply being at "the games" or in this public office of trust, that you put me in and giving it my personal best, every single day.

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