MINUTES OF MEETING

STATE BOARD OF FINANCE

Monday, October 31, 2023 2:00 p.m.

A meeting of the State Board of Finance of the State of Arkansas was held Monday, October 31, 2022 at 2:00 p.m., pursuant to notice duly given to each member of the Board and the press by the Chairman. The meeting was held in the Timberlands Conference room located in the Winthrop Rockefeller Building, 501 West Capitol Avenue, Little Rock, AR.

The following members were present:

Larry Walther, Secretary of DFA

Dennis Milligan, Treasurer of State

Susannah Marshall, Arkansas State Bank Commissioner

Andrea Lea, Auditor of State

Campbell McLaurin, Arkansas Securities Commissioner

Keith Konecny, Appointed Member

Clay Conly, Appointed Member

Brent Morgan, Appointed Member

Others present were Jason Brady, Stacy Peterson, and Gary Underwood, Grant Wallace, Celeste Gladden, Steve Pulley, Robert Romanik, Holly Beaver, Steve Kilgore and TJ Fowler, all from the Arkansas State Treasury. Also present were Andy Babbitt, and Debbie Rogers from the Department of Finance and Administration.

Mr. Walther called the meeting to order and asked for a motion to adopt the minutes of the previous meetings held on August 16, 2022 and September 8, 2022. A motion to approve the minutes was made by Treasurer Milligan and seconded by Commissioner Marshall. All members were in favor.

**Chairman Walther recognized Treasurer Milligan to present the 1st quarter of fiscal year 2023 Investment Operations and Returns. He briefly reviewed the quarter’s market conditions and stated that job growth was steady during the quarter. Treasurer Milligan told the board that the Federal Reserve Bank voted twice during the quarter to increase the interest rate .75% bringing the rate to 3.00%-3.25%. Treasurer Milligan stated that the 10 year treasury rate increased to an average of 3.10%. Mr. Milligan reported that these increases were precipitated by inflation being at a 40 year high.**

**He then reported to the board that the 1st quarter long term revenue earnings were $27.89 million, and the total book return for the quarter was 1.332%. Treasurer Milligan informed the board that the Treasury completed their assessments of custodial banks and awarded Bank of New York Mellon the contract. Treasurer Milligan concluded by thanking the board for their diligent service. Mr. Walther, seeing no questions, asked for a motion to accept the Treasurer’s report. A motion was made by Commissioner Marshall and seconded by Commissioner McLaurin. All members were in favor.**

Mr. Walther addressed quarterly business by making a motion that no funds were available for deposit into the State Board of Finance certificate of deposit program for the second quarter of fiscal year 2023, January 1, 2023 through March 31, 2023. The motion was seconded by Commissioner Marshall. All members were in favor.

Mr. Walther next made a motion that the Board direct the Treasurer of State to purchase warrants for the second quarter of fiscal year 2023, January 1, 2023 through March 31, 2023 pursuant to Act 1088 of 2013, and to keep reasonable amounts in demand deposit accounts and money markets during the next quarter for the transactions of the day-to-day activities of the State. The motion was seconded by Treasurer Milligan and all members were in favor.

Chairman Walther then recognized Mr. Steven Kilgore, Treasury Director of Investment Accounting, and Mr. Robert Romanik, Treasury Senior Investment Manager. Mr. Kilgore and Mr. Romanik reviewed the first quarter total book return and made recommendations to the board regarding the total book return for the second quarter of fiscal year 2023. The recommendation brought before the board was a target range of 2.10-2.20%. A motion was made to accept the recommendation by Commissioner Marshall and seconded by Treasurer Milligan. All members were in favor.

Mr. Walther next recognized Chad Puryear and Caswell Lane from Raymond James to present economic projections and rate analysis of the Treasury portfolio. The entire presentation is available at the Arkansas Treasury upon request.

Mr. Walther then recognized Mrs. Autumn Sanson to present the Chief Compliance Report. Mrs. Sanson continued the previous meeting’s discussion by reviewing various reports and methods by which she checks compliance with the Investment Policy. She continued by interpreting the factors that are reviewed to assess compliance, specifically the percentage calculations for security types set forth in the Investment Policy. After concluding the presentation, Mr. Walther asked for a motion to accept the report. A motion was made by Commissioner McLaurin and seconded by Commissioner Marshall. All members were in favor.

Mr. Walther, seeing no additional business, declared the meeting adjourned.