

STATE BOARD OF FINANCE
Tuesday, February 9, 2021, 10:00AM
Conference Room, Suite 275, Victory Building
1401 W. Capitol, Little Rock, AR

AGENDA

1. Call to Order by the Chairman of the Board
2. Adoption of the minutes of the November 10, 2020 meeting
3. Presentation of the Treasury Investment Performance Report by Treasurer Milligan
4. Quarterly Motions, Fourth Quarter FY21, April 1, 2021 – June 30, 2021
5. Rules Committee Report
6. Chief Compliance Officer Report
7. Other Business
8. Adjournment
 - a) Next Meeting May 11, 2021

MINUTES OF MEETING
STATE BOARD OF FINANCE

November 10, 2020

A meeting of the State Board of Finance of the State of Arkansas was held online using Zoom platform on Tuesday November 10, 2020 at 10:00 am, pursuant to notice duly given to each member of the Board by the Chairman. Zoom recording of meeting is available through the Treasurer of State's office.

The following members were present:

Dennis Milligan, Treasurer of State
Scott Covert, representing Andrea Lea, Auditor of State
Susannah Marshall, Arkansas Bank Commissioner
Eric Munson, Arkansas Securities Commissioner
Jim Bob Britton, Appointed Member
Cale Turner, Appointed Member
Clay Conly, Appointed Member
Keith Konecny, Appointed Member

Other present were Jason Brady, T.J. Fowler, Robert Romanik, Damon Dortch, Stacy Peterson, Celeste Gladden, Autumn Sanson, Gary Underwood, Steven Kilgore, and Grant Wallace of the Treasurer's staff, and Paul Louthian and Debbie Rogers of the Department of Finance and Administration. Dr. Andy Terry and Dr. Ashvin Vehbaker from UALR Consulting Group were also present. Mr. Louthian acted as chair in the absence of Secretary Walther. Mr. Louthian recognized a quorum and called the meeting to order.

Minutes of the meeting held on August 11, 2020 were approved as distributed.

Mr. Louthian then recognized State Treasurer Dennis Milligan to present the Treasury Investment Performance Report for the first quarter of fiscal year 2021. Treasurer Milligan greeted the board and summarized the first quarter earnings, and market conditions. He also commended the Investment Team on the purchasing of Arkansas municipal bonds. The full PowerPoint presentation is included in the minutes as Attachment 1. Mr. Louthian asked if there were any questions, and seeing none, asked for a motion to approve the presentation. A motion was made by Mr. Turner and seconded by Mr. Conly. All members were in favor.

Mr. Louthian then made a motion that no funds were available for deposit into the State Board of Finance certificate of deposit program. The motion was seconded by Mr. Britton. All members were in favor.

Mr. Louthian next made a motion that the Board direct the Treasurer of State to purchase warrants for the third quarter of fiscal year 2021, January 1, 2021 through March 31, 2021 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 Mrs. Marshall, and approved by all members.

Next Mr. Louthian recognized Dr. Andy Terry and Dr. Ashvin Vibhaker, both consultants at UALR, to provide an update on recommendations given to the State Treasury regarding Investment portfolio management. Dr. Terry was quite complimentary of the State Treasury implementing processes that were recommended. Dr. Terry also provided a timeline that would be feasible for the State Treasury with regards to additional recommendations

presented by the consulting team. Mr. Louthian, seeing no questions, made a motion to accept the presentation. It was seconded by Mr. Turner, and all members were in favor.

Mr. Louthian next recognized TJ Fowler, Legal Counsel for the State Treasury, to present updates on rules changes. He stated that the first rule change would go before rules and regulation subcommittee around the 16th of November and the second rule change was still in the early stages and would have to go through the APA process. These proposed rule changes are in the December 2019 SBF minutes and the August 2020 SBF minutes.

Mr. Louthian then recognized Autumn Sanson, Chief Compliance Officer, to update the board. She stated that there are ongoing changes that will improve the flow of the office and mitigate risk. Mrs. Sanson mentioned that the hiring of accountants provided additional safeguards in the office. Mr. Louthian made a motion to accept the presentation and Mrs. Marshall seconded the motion. All members were in favor.

Seeing no additional business and no questions, Mr. Louthian asked for a motion to adjourn. A motion was made by Mr. Turner and seconded by Skot Covert. All members were in favor.

State Board of Finance Investment Operation and Returns 2nd Quarter FY2021

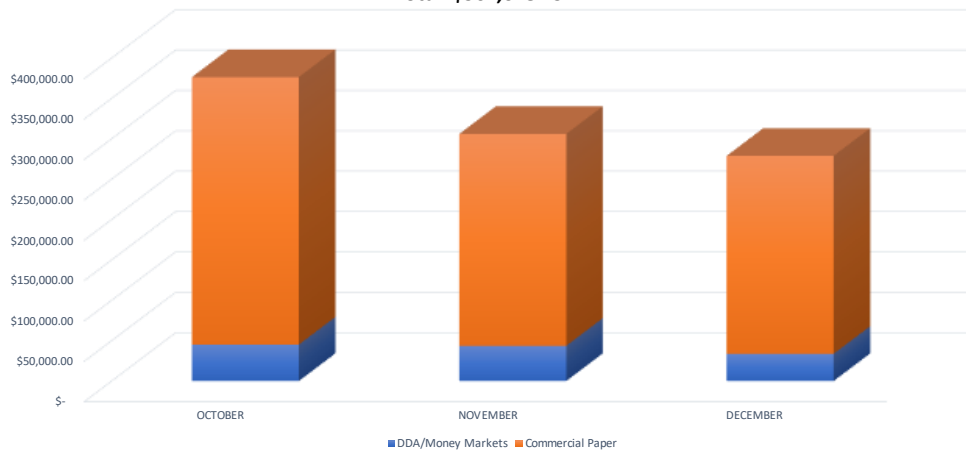


Dennis Milligan
Arkansas Treasurer of State

Short-term Investment Revenue, Receipted

2nd Quarter FY 2021

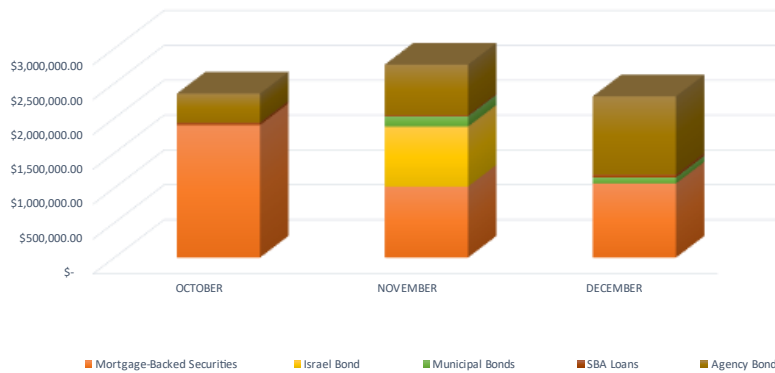
Total: \$961,078.29



Long-term Investment Revenue, Received

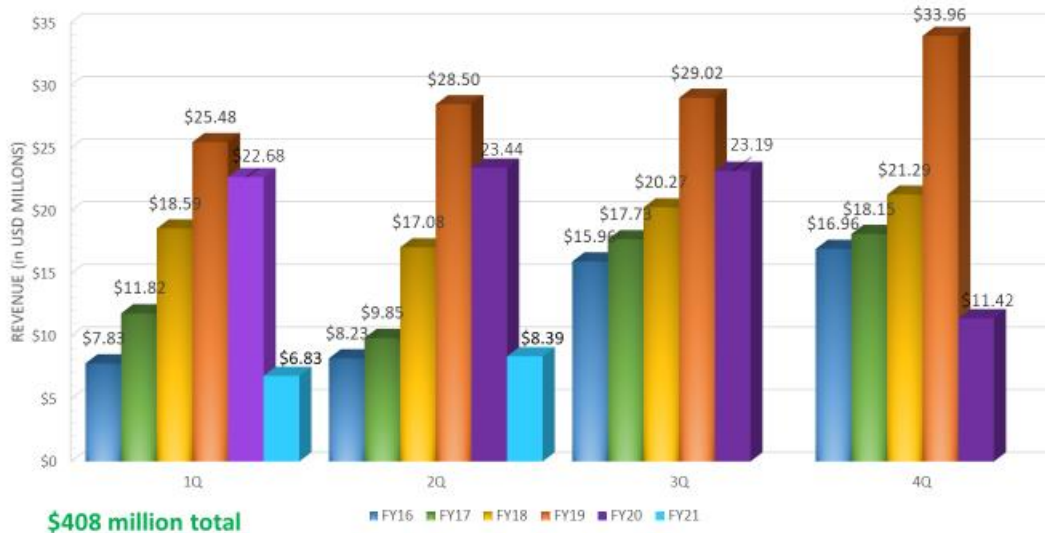
2nd Quarter FY 2021

Total: \$7,429,033.36



Total Revenue per Quarter

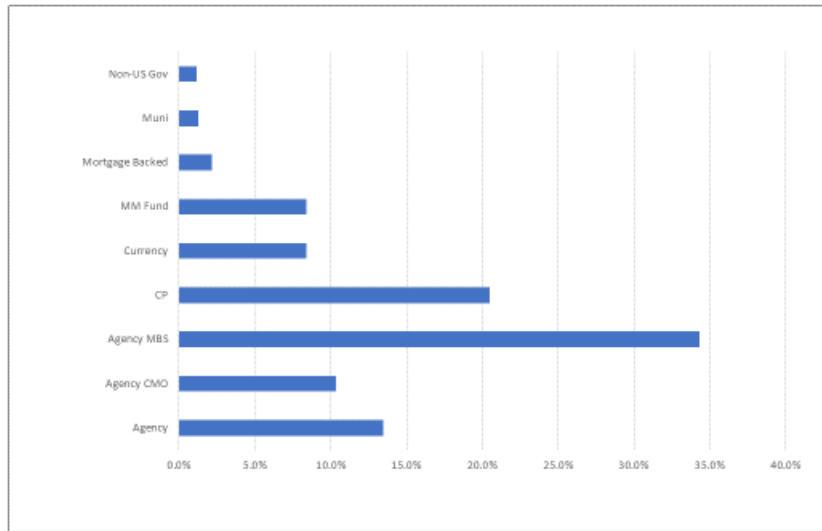
FY 16 – FY 21



Treasury Portfolio Allocation

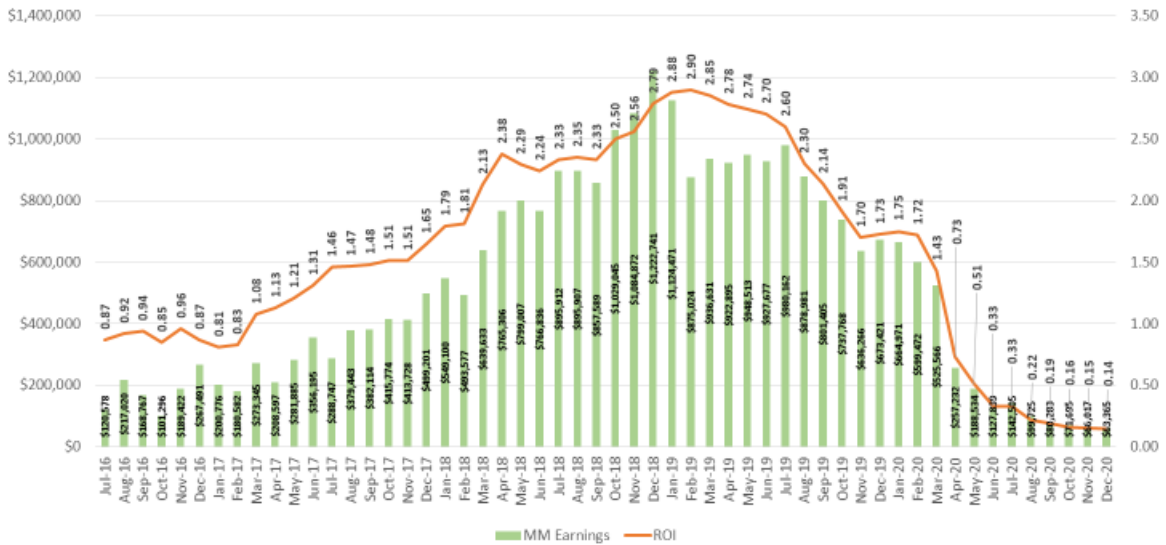
*as of 12/31/2020

Share of Market Value Total



Money Management Earnings / Return on Investment

FY17- FY21





**State Board of Finance
Quarterly Motions
February 9, 2021**

1. As Chairman of the State Board of Finance, I make a motion to the Board that no funds are available for deposit into the State Board of Finance Certificate of Deposit Program.

2. As Chairman of the State Board of Finance, I make a motion the Board direct the Treasurer of State to purchase warrants for the succeeding quarter (April 1, 2021 through June 30, 2021) pursuant to Act 1088 of 2013, and to keep reasonable amounts in demand deposit accounts and money markets during the next quarter for the transaction of day to day activities.