

MINUTES OF MEETING
STATE BOARD OF FINANCE
Wednesday, October 25, 2023

A meeting of the State Board of Finance of the State of Arkansas was held Wednesday, October 25, 2023, at 10:00 am, pursuant to notice duly given to each member of the Board and the press by the Chairman. The meeting was held in the Delta Conference Room located in the Winthrop Rockefeller Building. The meeting was live streamed and recorded by ARCAN/AETN and is available upon request through the Arkansas State Treasury.

The following members were present:

Jim Hudson, Secretary, Department of Finance and Administration
Leslie Fisker, Secretary of Transformation and Shared Services
Larry Walther, Arkansas State Treasurer
Dennis Milligan, Arkansas Auditor of State
Susannah Marshall, Arkansas State Bank Department Commissioner
Chad May, Appointed Member
Brent Morgan, Appointed Member
Keith Konecny, Appointed Member
Mary Davis, Assistant Deputy Insurance Commissioner
Campbell McLaurin, Securities Designee

Others present were staff from the Arkansas State Treasury and Auditor of State's office. Also, present were Alan McVey and Andy Babbitt from the Department of Finance and Administration and Grant Wallace, Director of Employee Benefit Division.

Secretary Hudson, seeing a quorum, called the meeting to order. Mr. Hudson asked for a motion to accept the minutes of the previous meeting, August 9, 2023. A motion to approve the minutes was made by Treasurer Walther and seconded by Commissioner Marshall. All members were in favor.

Mr. Hudson then recognized Treasurer Walther for the Treasury presentation. Treasurer Walther briefly commented on the continued strategy of the investment portfolio and then recognized Mr. Steven Kilgore, Mr. Steve Pulley, and Mr. Robert Romanik, all from the Arkansas State Treasurer's Office. Mr. Kilgore started by informing the board of the investment revenue for the 1st quarter of fiscal year 2024. He reported the short term revenue was \$9,202,512.00 and the long term revenue was \$22,372,032.00. Mr. Kilgore informed the board of the previous quarter's book return which was 3.279%. Mr. Kilgore then recognized Mr. Steve Pulley, who continued the presentation by briefing the board on the state of the market for the previous quarter. Mr. Pulley then briefly discussed his observation of future outlook for the Treasury portfolio, based on market analysis. Mr. Pulley then turned the presentation over to Mr. Romanik, Senior Investment Manager, for discussion of the benchmark rates that are considered when Treasury investments are made. Mr. Romanik focused on the 5 year and 10 year Treasury Bill benchmark and concluded by recommending the State Treasury benchmark rate of return for the next quarter to be a range of 3.25% to 3.35%. A motion was made by Auditor Milligan to approve a rate of 3.25% to 3.35% as the next quarter's rate of return range. Treasurer Walther seconded the motion. All members were in favor.

Secretary Hudson next asked for a motion to approve the Arkansas State Treasury presentation. A motion was made by Commissioner Marshall and was seconded by Auditor Milligan. All members were in favor.

Secretary Hudson again recognized Mr. Romanik for the presentation of a new broker. Mr. Romanik requested that KeyBanc Capital Markets be added to the approved broker list. A motion to approve KeyBanc Capital Markets was made by Commissioner Marshall and seconded by Auditor Milligan. All members were in favor.

Secretary Hudson then 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 third quarter of fiscal year 2024, January 1, 2024, through March 31, 2024. The motion was seconded by Commissioner Marshall. All members were in favor.

Mr. Hudson next made a motion that the Board direct the Treasurer of State to purchase warrants for the third quarter of fiscal year 2024, January 1, 2024, through March 31, 2024, 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 Walther and all members approved.

Secretary Hudson, concluding normal State Board of Finance business, recognized Mr. Grant Wallace, Director of EBD, to present to the board business of the Employee Benefit Division.

Director Wallace first presented the formulary recommendation reports for August, September, and October of 2023. Mr. Wallace briefly discussed some changes based on the recommendation of Navitus. He informed the board that these recommendations were approved by the advisory commissions. A motion to approve the recommendations was made by Treasurer Walther and seconded by Secretary Fisker. All members were in favor.

Next on the agenda, Mr. Wallace discussed the amendment to the Pharmacy Benefit Manager contract. Mr. Wallace explained the changes in the amendment, which provided more context and clarified terms and conditions. He further explained that this amendment is supplemental and would not undo anything in the original document. Mr. Wallace also pointed out that one change focused on getting the most current language regarding data security and

confidentiality. A motion to approve was made by Auditor Milligan and seconded by Secretary Fisker.

Mr. Wallace then provided the Interim Monitoring Report for Employee Benefits Division. Director Wallace pointed out that the projected reserve balance is stable and there is not anything of concern with the financials at this time.

Secretary Hudson, seeing no additional business, called the meeting adjourned.