

MINUTES OF MEETING
STATE BOARD OF FINANCE
Wednesday, May 10, 2023

A meeting of the State Board of Finance of the State of Arkansas was held Wednesday, May 10, 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:

Larry Walther, Secretary Department of Finance and Administration
Eric Munson, Chief Deputy Treasurer
Dennis Milligan, Auditor of State
Susannah Marshall, Arkansas State Bank Department Commissioner
Campbell McLaurin, Arkansas Securities Commissioner
Keith Konecny, Appointed Member
Clay Conly, Appointed Member
Mary Davis, Assistant Deputy Insurance Commissioner

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

Mr. Walther, seeing a quorum, called the meeting to order. The first order of business was to approve the minutes of the previous meeting, February 16, 2023. A motion to approve was made by Auditor Milligan and seconded by Commissioner Marshall. All members were in favor.

Mr. Walther then recognized Eric Munson, Chief Deputy Treasurer, Robert Romanik, Steve Pulley, Senior Investment Officers, and Steven Kilgore, Investment Account Director, all from the Treasurer's office. Mr. Kilgore started by going over the Investment trends over the past quarter, stating that the short term portfolio returned \$28.6 million dollars for the quarter and earnings of \$43.8 million for the long term portfolio. Mr. Kilgore then discussed the rate of return and stated that the quarter's book rate of return was 3.02%, and total return, which included market price changes, was 2.19%. He concluded by recognizing the rising interest rates and the positive effect that had on the portfolio. He then recognized Mr. Pulley to discuss the investment strategy over the quarter. Additionally, Mr. Pulley explained how the Treasury utilizes duration, a measurement of interest rate sensitivity, to maintain a consistent conservative portfolio. He stated that the Treasury's duration is around 4 years. Mr. Pulley stated that the Investment team had purchased around \$700 million in bonds over the last quarter at an average rate of return of 4.84%. Mr. Pulley next recognized Mr. Romanik to discuss the proposed rate of return for the Treasury. Mr. Romanik stated that interest rates are likely to remain high over the next quarter and proposed a rate of return of 3.00% to 3.10%, which increased from the previous quarter which was 2.80%-2.90%. Commissioner Marshall made a motion to approve the proposed rate of return, 3.00%-3.10%. The motion was seconded by Auditor Milligan and all members were in favor. Commissioner Marshall, additionally, made a motion to approve the Treasurer's quarterly report. Auditor Milligan seconded the motion, and all members were in favor.

Mr. Walther then moved on to 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 first

quarter of fiscal year 2024, July 1, 2023, through September 30, 2023. Commissioner Marshall seconded the motion. All members were in favor.

Mr. Walther next made a motion that the Board direct the Treasurer of State to purchase warrants for the first quarter of fiscal year 2024, July 1, 2023, through September 30, 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. Mr. Konecny seconded the motion. All members were in favor.

Mr. Walther concluded the regular business of the State Board of Finance and recognized Mr. Grant Wallace, Director of Employee Benefit Division, to present EBD agenda items. Mr. Wallace discussed the preceding quarters formulary recommendation, which updated accepted drugs for the program. He mentioned that there was a change in May's document and that the drug Cyramza was taken off the list for further evaluation. Auditor Milligan made a motion to approve the formulary recommendations for February, March, April, and May as amended. Mr. Konecny seconded the motion, and all members were in favor. Mr. Wallace then addressed the next agenda item, new contracts. Mr. Wallace stated that the contracts were with existing partner's, just updated contracts. The first contract he discussed was the EBRx UAMS, which he explained would be a consulting role to the Advisory Commissions and the State Board of Finance with regards to formulary recommendations. The second contract discussed was for a Pharmacy Benefit Manager. He stated that this contract was awarded to Navitus Health Solutions through a Request for Proposal process and would go into effect July 1, 2023. Mr. Wallace stated that this was a seven-year contract with an option starting at the beginning of the fourth year to be reviewed annually for renewal. Auditor Milligan made a motion for the one-year contract

renewal for EBRx UAMS and Navitus Health Solutions. The motion was seconded by Mr. Munson, and all members were in favor.

Mr. Wallace continued by recommending the contract renewal of Mainstreet Technologies, the developer of the AR Benefits Portal. A motion to approve the Mainstreet contract renewal was made by Auditor Milligan and seconded by Mr. Munson. All members were in favor. Mr. Wallace then explained a policy change in the Ground Ambulance Services. His recommendation, which would reimburse \$1,500.00, was more in line with industry standards, rather than the current \$2,000.00 reimbursement. A motion for the change was made by Mr. Munson and seconded by Auditor Milligan. All members were in favor. The last agenda item was the recommendation of including a spouse of an Arkansas State Employee or a Public School Employee to receive Bariatric Surgery Procedures if they meet all other required criteria. Auditor Milligan made a motion to accept the benefit recommendation and it was seconded by Commissioner Marshall. All members were in favor.

Mr. Walther informed the board that the next meeting would be Wednesday, August 9th, at 10:00 am, and seeing no additional business declared the meeting adjourned.