

MINUTES OF MEETING
STATE BOARD OF FINANCE

August 7, 2007

The State Board of Finance of the State of Arkansas met in the Conference Room, Office of the Treasurer of State, Suite 275, Victory Building, Little Rock, Arkansas, at 10:00 a.m., Tuesday, August 7, 2007, pursuant to notice duly given to each member of the Board by the Chairman.

The following members were present:

**Luther Guinn, representing Candace Franks,
Arkansas State Bank Commissioner
Martha Shoffner, Treasurer of State
Richard Weiss, Director, Department of Finance
And Administration
Jim Wood, Auditor of State
James Miller, representing Governor Mike Beebe**

Others present were Michael Wickline, reporter for the Arkansas Democrat-Gazette; and Karla Wise, Wes Goodman, Autumn Sanson, Hap Campbell, and Patti Lah of the Treasurer's staff.

Richard Weiss served as acting Chairman in the absence of Governor Beebe and called the meeting to order with recognition of a quorum.

Minutes of the meeting of June 26, 2007, were approved as distributed.

The first item on the agenda was a review of the "Interest Rates for Certificates of Deposit" report that was handed out to the Board members at the beginning of the meeting. Acting Chairman Weiss called upon Autumn Sanson, Treasurer of State Chief Investment Officer, to discuss the report. She explained that the report is a history of the

interest rates the State Board of Finance has set during the last two years, and that the report reflects the upward trend of percentage rates, up to 5.12%.

The next item on the agenda was the consideration of the rate of investment for \$100 million Certificates of Deposit maturing on August 29, 2007, and the request of a new rate to be set for the reinvestment of \$150 million. Chairman Weiss called upon Luther Guinn to discuss the recommended rate of 4.58%. Mr. Guinn stated that it was based on the new formula as agreed upon during the May 9, 2007, State Board of Finance meeting, that is, based on averages of ten banks in various locations throughout the state, the average CD rate, Federal Funds, and the 26-week Treasury Bill rate.

Mr. Weiss stated that he was troubled by the lower amount of 4.58% and asked if there were alternative recommendations. Mrs. Sanson stated that the regular six-month certificates of deposit were getting 4.75%. After discussion, a motion was made by Acting Chairman Weiss, seconded by State Auditor Jim Wood, and unanimously passed, that on August 7, 2007, \$150,000,000.00 in Certificates of Deposit be offered for reinvestment at an interest rate of 4.75%, for a period of six months.

Acting Chairman Weiss requested of Mr. Guinn that the State Bank Commission provide figures based on both the old formula and the new formula to give the State Board of Finance more options in setting the rate of investment.

There being no further business, Acting Chairman Weiss declared the meeting adjourned.

ATTEST:

**Secretary of the State Board
of Finance of the State of Arkansas**

**Acting Chairman of the State Board
of Finance of the State of Arkansas**

Secretary's Note: All documents pertaining to the issues considered are filed in the permanent records of the State Board of Finance.