

**MINUTES OF MEETING**  
**STATE BOARD OF FINANCE**

**February 1, 2008**

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., Friday, February 1, 2008, pursuant to notice duly given to each member of the Board by the Chairman.

The following members were present:

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; Karla Wise, Wes Goodman, Autumn Sanson, and Patti Lah of the Treasurer's staff; and John Monroe of Metropolitan Bank.

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 December 6, 2007, were approved as distributed.

The first item on the agenda was the consideration of and request for new rate of investment for \$150,000,000.00, 4.75% State Board of Finance CD, maturing on February 27, 2008. Chairman Weiss called upon Bank Commissioner Franks to discuss the recommended rate of 2.87%. He acknowledged that the Commissioner's recommendation reflected the reincorporation of the discount rate into the formula, which was the second item on the agenda.

Commissioner Franks stated that the discount rate has been used more during the last eight months than the two previous years, and that if the discount rate was not included in the formula, the amount would be 2.67%. She commented that, regardless of which formula was used, the amounts reflected a significant decrease in all of the markets since December. There was a brief discussion among the board members regarding the Discount, Fed Funds, and Treasury Bill rates. Autumn Sanson told the Board that the Fed Funds rate had dropped to 3.00% and that the Commissioner's recommendation of 2.87% was a good rate. She then advised the Board that the subject CD (had earned) \$3,552,000.00 in interest (at the rate of 4.75%), but that at the new rate of 2.87%, it would yield \$2,123,000.00, a difference (or loss) of \$1,429,000.00. Acting Chairman Weiss mused that it isn't really a loss, but a reflection of today's market. Martha Shoffner asked if the banks would be willing to do business at the rate of 2.87% and Commissioner Franks expressed the opinion that she felt they would continue to do so. A motion was made by Jim Wood to accept the recommended rate of 2.87%, as well as to reincorporate the discount rate into the funding formula. Martha Shoffner seconded the motion and it was passed unanimously by the Board.

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

ATTEST:

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

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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.