

MINUTES OF MEETING
STATE BOARD OF FINANCE

June 26, 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, June 26, 2007, 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; Lisa White of the Auditor's staff; and Karla Wise, Autumn Sanson, 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 May 9, 2007, were approved as distributed.

Acting Chairman Weiss introduced Candace Franks, as the newly-appointed State Bank Commissioner, to the State Board of Finance.

The first item on the agenda was the consideration of the rate of investment for \$150 million Certificates of Deposit maturing on June 27, 2007. Chairman Weiss called upon Commissioner Franks to discuss the recommended rate of 4.58%, as well as the new

formula for determining the rate of interest. Commissioner Franks reminded the Board members of the reconfiguration of the formula, as detailed in Bunny Adcock's memorandum of April 25, 2007, which excluded the federal discount rate. State Treasurer Martha Shoffner expressed her concern that the recommended rate of 4.58% was a little low. Autumn Sanson, Chief Investment Officer for State Treasurer, stated that the regular six-month certificates of deposit were getting 4.75%. After much discussion, a motion was made by Acting Chairman Weiss, seconded by State Auditor Jim Wood, and unanimously passed, that on June 26, 2007, \$150,000,000.00 in Certificates of Deposit be offered for reinvestment at an interest rate of 4.66%, for a period of six months. Acting Chairman Weiss expressed his concern of finding the proper balance of making the certificates of deposit an attractive investment, while ensuring that money is being earned for the State Treasury. He requested that the State Treasurer provide a history of Certificate of Deposit rates for the State Board of Finance to review. Commissioner Franks added that the Board of Finance could then consider whether or not to reintroduce the federal discount rate into the formula.

As the next order of business, State Treasurer Martha Shoffner advised the Board that the Treasurer's office would be offering the State Board of Finance Certificates of Deposit electronically, as a means of streamlining the process and increasing efficiency. Acting Chairman Weiss agreed and stated that he had no objection, but added that he would like to ensure that all of the banks were aware of the change in practice and that none of the participating parties would be adversely impacted. Consequently, he requested that the State Treasurer's office provide feedback from the banks to the State Board of Finance.

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.