

MINUTES OF MEETING
STATE BOARD OF FINANCE
Thursday, February 16, 2023

A meeting of the State Board of Finance of the State of Arkansas was held Thursday, February 16, 2023 at 1:00 pm, pursuant to notice duly given to each member of the Board and the press by the Chairman. The meeting was held in the Governor's conference room in the Arkansas State Capitol. 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:

Sarah Sanders, Arkansas State Governor
Larry Walther, Secretary Department of Finance and Administration
Mark Lowery, Treasurer of State
Dennis Milligan, Auditor of State
Susannah Marshall, Arkansas State Bank Department Commissioner
Campbell McLaurin, Arkansas Securities Commissioner
Keith Konecny, Appointed Member
Brent Morgan, Appointed Member
Alan McClain, Arkansas 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 Aaron Black from the Governor's office. Mr. Joseph Wood, Secretary of the Department of Transformation and Shared Services, was also present.

Governor Sanders, seeing a quorum, called the meeting to order. Governor Sanders then asked for a motion to approve Secretary of Department of Finance and Administration, Mr. Larry Walther, to be Chairman of the State Board of Finance when needed and in her absence. Commissioner Marshall made a motion to approve, and Mr. Konecny seconded. All members

were in favor. Governor Sanders then turned the meeting over to Mr. Walther. Mr. Walther started by asking for a motion to approve the minutes of the October 31, 2022 and November 9, 2022 meetings. Auditor Milligan made the motion to approve the minutes and was seconded by Mr. Campbell. All members were in favor.

Secretary Walther then recognized Secretary of the Department of Transformation and Shared Services, Mr. Joseph Wood, to present the selection of Executive Director for Arkansas Employee Benefit Division. Secretary Wood briefly went over the qualifications of Mr. Grant Wallace and recommended that he be approved as the Executive Director of Employee Benefits Division. A motion was made by Auditor Milligan and seconded by Treasurer Lowery. Mr. Walther then recognized Mr. Jake Bleed to address the EBD agenda. Mr. Bleed presented the quarterly report to the board and a motion was made by Mr. McClain to approve the report. It was seconded by Commissioner Marshall. All members were in favor. Mr. Bleed then reviewed the Drug Formulary report which details the review process of new drugs that are potentially added to the accepted drugs under the plan. Mr. Konecny made a motion to approve the Drug Formulary report and Mr. Morgan seconded. All members were in favor. Mr. Bleed ended his presentation by telling the board that EBD had chosen a vendor for the Pharmacy Benefit Manager. Mr. Bleed stated that the company was Manifest Health Solutions and explained that barring any protest during an allotted time, the board would be asked to approve this company in the upcoming quarter.

Mr. Walther then recognized Treasurer Mark Lowery and his staff to present the quarterly financial report of the Treasury. Treasurer Lowery commended the former Treasurer, Dennis Milligan, for the job he did while he served. He continued by reiterating that the office would continue to perform their duties in a manner consistent with the standard prudent investor

rule. Treasurer Lowery recognized Steven Kilgore, Treasury Manager of Accounting, to present the portfolio yield. Mr. Kilgore briefly described the instruments currently invested in the portfolio and presented the actual rate of return for the quarter which was 2.587%. Mr. Kilgore then recognized Steve Pulley and Rob Romanik, both Senior Investment Managers for the Arkansas State Treasury. Mr. Pulley summarized the composition of the long term portfolio and stated that the State Treasury's portfolio was now over 10 billion dollars. Mr. Pulley identified the different pools of money and the objective of the investments and likewise their yield. Mr. Pulley then recognized Mr. Romanik to briefly discuss market rates, and the factors that influence a movement in the rate. Mr. Romanik concluded by recommending a new benchmark range of 2.80% to 2.90% for the upcoming quarter. Treasurer Lowery made a motion to approve the recommendation and Commissioner Marshall seconded. All members were in favor. Mr. Morgan then made a motion to approve the Treasury report. The motion was seconded by Mr. McClain. All members were in favor.

Mr. Walther then called for a brief recess before returning to the remaining agenda items. The meeting continued with Mr. Walther addressing quarterly motions. A motion was made by Mr. Walther that no funds were available for deposit into the State Board of Finance certificate of deposit program for the fourth quarter of fiscal year 2023, April 1, 2023 through June 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 fourth quarter of fiscal year 2023, April 1, 2023 through June 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 then recognized Mr. Pulley to present a recommendation of a new broker. The broker was Stifel-Nicholas. A motion to approve the broker was made by Treasurer Lowery and seconded by Auditor Milligan. All members were in favor.

Mr. Walther, seeing no additional business, declared the meeting adjourned.