

**MINUTES FROM SPECIAL MEETING OF CASH MANAGEMENT POLICY BOARD**  
**BUENA VISTA CONFERENCE CENTER**  
**MARCH 16, 2011, 9:00 AM**

A meeting of the Cash Management Policy Board (the “Board”) was held on Wednesday, March 16, 2011 at 9:00am in the Conference Room of the Buena Vista Conference Center located at 661 South DuPont Highway, New Castle, Delaware.

<b>Board Members in Attendance:</b>	Board Chairperson John Flynn Honorable Chip Flowers, State Treasurer Honorable Tom Cook, Secretary of Finance Honorable Jeff Bullock, Secretary of State Controller General Russ Larson Mr. Warren Engle
<b>Others in Attendance:</b>	Deputy Treasurer Erika Benner Deputy Attorney General Ann Marie Johnson Mr. Zafar Chaudhry, Director of Finance and Treasury Services Mr. Jim DiDonato, Banking Services Manager Mr. Steve McVay, Investment Manager Mr. Richard Rexrode, Executive Assistant Mr. Omar Masood, Fellow, Office of Economic Policy Mr. Brian Boyle, Fellow, Office of Economic Policy Ms. Kelly Callahan, Special Assistant to the State Treasurer

Mr. John Flynn, as Chair of the Board (the “Chair”), called the meeting to order at approximately 9:00am. The Chair informed the Board that there will be a discussion with the Governor’s office about acquiring a representative for Kent County.

Mr. Flynn asked Mr. Engle to serve as chair of the Banking Subcommittee and Secretary Cook to serve as sub-chair. Mr. Marvin will still be head of the Investments Subcommittee.

The December minutes were presented and the Treasurer explained that Ms. Johnson had some changes, but Ms. Johnson was not present at that time. The approval was postponed.

The February minutes (both public and executive session) were presented. Both were approved without objection. Mr. Engle abstained since he was not present at that meeting.

Mr. Flynn asked about the legal issues surrounding a quorum based upon attendees by phone. There was discussion about this issue and the Attorney General’s issued opinion. Mr. Flynn stated that he would inquire with Ms. Johnson about this rule.

Mr. McVay reviewed the investment results. There were questions from the various members regarding the performance of the State’s investment portfolio. Mr. Chaudhry, Mr. McVay, and Treasurer Flowers answered all questions.

Treasurer Flowers brought forward the issue that there are some inconsistencies between the Delaware Code and the Cash Management Policy Board Guidelines. He requested a working group be appointed to review this issue. Discussion continued on this topic among the Board.

Treasurer Flowers also presented a draft of the Small Business Economic Recovery Program (the “Program”). The size of the program and other matters relating to the Program were discussed. There was considerable discussion on the Program, including a discussion on the Program’s objectives and the Program’s compliance to the Cash Management Policy. Treasurer Flowers responded to the questions and comments posed by the Board Members. There was some question raised from the Board about the authority of the Treasurer and the Cash Management Policy Board. Deputy AG Johnson provided her opinion regarding this authority. The Treasurer did not support Ms. Johnson’s opinion.

Ms. Johnson arrived during the previous discussion and Mr. Flynn inquired about why it was no longer considered attending the meeting if calling in by phone. Ms. Johnson explained the Delaware FOIA law and its requirements. The Board discussed this matter and the options available for future meetings.

Mr. Flynn also inquired about whether a representative could be sent on behalf of a member to vote at a meeting. There was discussion on this matter and it was determined this would be part of future discussions pertaining to the above matter with the Attorney General’s office.

The changes adopted at the February special meeting were presented for ratification. After discussion, Secretary Cook made a motion to ratify the changes and the motion was seconded by Treasurer Flowers. With all in favor and one abstention (Mr. Engle), the motion carried. (Secretary Bullock had departed prior to the vote.)

The minutes from the December meeting were presented. Treasurer Flowers explained that the Treasury did not feel they should change the minutes as Ms. Johnson had requested without presentation to the Board since the minutes were submitted by the previous administration. Ms. Johnson presented her changes and the minutes were approved. Treasurer Flowers abstained as this meeting took place prior to the start of his term.

Treasurer Flowers discussed the RFP for investment managers and requested permission to begin this RFP process. It was agreed that this process would be initiated after the working group’s discussions. The current direct deposit and merchant services RFPs were also discussed.

Mr. Flynn ordered that representatives from the Board, the Treasury and the Attorney General’s office form a working group to review the Program and the Cash Management Policy.

The Board then discussed the next potential meeting dates in April and May. The morning of April 19<sup>th</sup> was finalized.

There was a motion to adjourn and with no objection, the meeting concluded at 11:11am.