



**MINUTES FROM THE INVESTMENT SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
August 3, 2022**

A meeting of the Investment Subcommittee (the “Subcommittee”) of the Cash Management Policy Board (the “Board”) was held on August 3, 2022, at 10:00 a.m. The meeting was conducted virtually, with public accommodations provided in the Large Conference Room of the Office of the State Treasurer (“OST”), 820 Silver Lake Blvd., Suite 100, Dover, DE 19904.

Subcommittee Members Represented or in Attendance:

Mr. Dave Marvin, Subcommittee Chair
Mr. Mike Karia, Subcommittee Co-Chair
Ms. Liza Davis, Deputy Treasurer, on behalf of Treasurer Colleen C. Davis
Mr. Rick Geisenberger, Secretary, Department of Finance

Subcommittee Members Not Represented or in Attendance

Mr. John Flynn, Board Chair

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Ms. Lisa Embert, Director of Reconciliations and Transaction Management, (“OST”)
Mr. Daniel Madrid, Chief Operating Officer, OST
Mr. Jordan Seemans, Director of Policy, OST
Mr. Stephen McVay, Assistant Cash and Debt Manager, OST
Mr. Brennon Fountain, Controller II, OST
Ms. Lindy Scott, Executive Assistant, OST

CALLED TO ORDER

The meeting was called to order at 10:11 a.m.

INTRODUCTIONS

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Marvin and seconded by Mr. Karia to approve minutes from the Subcommittee meeting held on May 4, 2022.

MOTION ADOPTED UNANIMOUSLY

**PROPOSED INVESTMENT ARCHITECTURE REVIEW FOR THE STATE’S CASH
ACCOUNTS DISCUSSION AND VOTE**

Ms. Davis discussed the historical relevance of the investment architecture. On March 9, 2022, the Board set the allocation between liquidity and reserve accounts to sixty-five percent (65%) and thirty-five percent (35%) respectively. During the June 1st Cash Management Policy Board, further discussion occurred with respect to the need to further reallocate the liquidity and reserve accounts.

NEPC offered to conduct an investment architecture analysis and offered to present the findings during the September 7th Board meeting. The analysis will include a review of the performance and underlying assumptions, of the current investment architecture memorialized in the Resolution No. 2022-1. Members of the Subcommittee discussed a desire to rebalance the portfolio towards the historical 30% liquidity, 70% reserve allocation. The Subcommittee agreed to recommend a new allocation at the September Board meeting based on NEPC's analysis.

A MOTION was made to recommend to the Board a return to a 50/50 allocation subject to additional analysis by NEPC by Mr. Karia and seconded by Mr. Marvin.

INVESTMENT MANAGEMENT SERVICES DISCUSSION AND VOTE

Ms. Davis shared that the initial contract terms for the incumbent liquidity and reserve managers expire on January 31, 2023. PFM and Wilmington Trust are the current liquidity managers. JP Morgan, Blackrock, Chandler, and Lazard are the incumbent reserve managers. Each manager's contract has three one-year extension options which can be exercised with 60-days' notice.

NEPC has conducted all their scheduled sit-downs with each representative and did not have any concerns or reservations with the Board recommending a one-year extension.

A MOTION was made by Ms. Davis and seconded by Mr. Marvin to recommend to the Board that OST be authorized to memorialize one-year extensions for the two incumbent liquidity and four incumbent reserve managers.

OTHER MATTERS OF THE SUBCOMMITTEE

Secretary Geisenberger stated the Department of Finance will be issuing an updated memorandum discussing the rainy-day fund and stabilization fund allocations.

PUBLIC COMMENTS

No members of the public present for comment.

EXECUTIVE SESSION

No executive session was held.

NEXT MEETING

The next full Board meeting is scheduled for September 7, 2022.

The next Subcommittee meeting is scheduled for November 2, 2022.

ADJOURNMENT

Meeting was adjourned at 10:38 a.m.

Respectfully submitted,

David Marvin
Chair for the Investment Subcommittee

Mike Karia
Co-Chair for the Investment Subcommittee

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