



**MINUTES FROM MEETING OF
THE CASH MANAGEMENT POLICY BOARD
June 1, 2022**

A meeting of the Cash Management Policy Board (the “Board”) was held on June 1, 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, Delaware.

Board Members Represented or in Attendance:

Mr. John Flynn, Chair
Mr. David Marvin, Investment Subcommittee Chair
Mr. Mike Karia, Investment Subcommittee Co-Chair
Mr. Warren Engle, Banking Subcommittee Chair
Ms. Tarrie Miller, Banking Subcommittee Co-Chair
Ms. Ruth Ann Jones, Controller General
Mr. Richard Geisenberger, Secretary, Department of Finance

Board Members Not Represented or in Attendance:

The Honorable Colleen Davis, State Treasurer
Mr. Jeffrey Bullock, Secretary, Department of State

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General
Mr. Daniel Madrid, Chief Operating Officer, OST
Ms. Fiah Kwesseu, Director of Operations & Fund Management, OST
Ms. Lisa Embert, Director of Reconciliations and Transaction Management, OST
Mr. Jordan Seemans, Director of Policy and Communication Management, OST
Mr. Brennon Fountain, Controller II, OST
Mr. Stephen McVay, Assistant Cash and Debt Manager, OST
Ms. Lindy Scott, Executive Assistant, OST
Mr. Sean McNeeley, Department of Finance

CALLED TO ORDER

Mr. Flynn called the meeting to order at 10:00 a.m.

INTRODUCTIONS

The OST organizational chart was provided to the Board to indicate OST’s newest staff members.

APPROVAL OF THE MINUTES

A minor correction to the March 9, 2022, minutes was discussed.

**A MOTION was made to approve the amended minutes, as revised, by Mr. Karia and seconded by Mr. Engle from the Board meeting on March 9, 2022.
MOTION ADOPTED UNANIMOUSLY**

NEPC PERFORMANCE REPORT

2021 4th Quarterly Investment Performance Report

Mr. Leonard and Ms. Appel gave a presentation and led the discussion of the 2022 1st Quarter Investment Performance Report.

2022 1st Quarterly Investment Performance Report

Mr. Leonard presented the Board with an overview of the State's portfolio performance for the 1st Quarter of 2022. The State's consolidated balance is \$5.3 billion (including CARES and ARPA funds), with liquidity and reserve portfolio balances of \$4.3 billion.

Market Update

Ms. Appel provided an update on the markets, noting a challenging start to the year with both stocks and bonds being negative for the 1st quarter of 2022 and for year-to-date performance as well. The war between Russia and Ukraine continues to negatively impact supply chains. Inflation has increased over the quarter, and the federal government has planned for additional rate hikes over the remainder of calendar year 2022.

INVESTMENT SUBCOMMITTEE REPORT

School and Special Fund Rate ("SSF") Calculation and Vote

Ms. Kwesseu provided background on the SSF rate calculation, which is reviewed periodically. In 2018, the rate was set to the 12-month rolling average of the State's liquidity portfolio, not to exceed the 12-month rolling average of the total portfolio. This was done to prevent negative arbitrage at the expense of the general fund.

Ms. Appel shared and presented 3, 6, and 9-month SSF calculation scenarios. It was noted that the Subcommittee recommended to move from the 12-month to the 9-month calculation. This option will be more reactive to the changing market environment, allowing-school districts and state agencies with special funds to be able to see returns more quickly than under the existing structure.

**A MOTION was made to move from the 12-month rolling average SSF calculation to a 9-month calculation by Mr. Marvin and seconded by Mr. Engle.
MOTION ADOPTED UNANIMOUSLY**

BANKING SUBCOMMITTEE REPORT

General Banking Project Update

JP Morgan Chase – General Banking

Mr. Madrid discussed the JP Morgan general bank account transition. All accounts are fully operational. Agencies continue to provide the new JPMC ACH and wire account information to their vendors. OST is currently planning to determine a final closing date for the concentration accounts at BNY Mellon and PNC Bank.

JP Morgan Chase Contract Discussion and Vote

Mr. Madrid shared that the original term of the JP Morgan expires on August 19th with at least 60 days prior written notice required to exercise the first two-year contract extension.

A MOTION was made by Mr. Engle and seconded by Ms. Miller to approve the first two-year extension of the JP Morgan general banking services contract.

MOTION ADOPTED UNANIMOUSLY

US Bank - ReliaCard Prepaid Card (RC) Contract Amendment Update

Mr. Madrid provided an update on the US Bank ReliaCard contract amendment. OST previously reached consensus with the Delaware Department of Labor on the contract amendment with US Bank for prepaid debit card services. Based on prior recommendations of the Board, the contract was extended for two additional years beginning March 6, 2022.

Local Banking Project Update

Progress continues in transitioning state agencies and local school districts to TD, Citizens, and M&T Banks. OST is planning to transition the remaining school districts and agencies by the end of this calendar year.

Merchant Services Project Update

PCI Compliance

OST continues to work with state merchants to complete their respective Self-Assessment Questionnaires (“SAQs”). CampusGuard, the state’s qualified security assessor, is returning in June to visit with remaining merchants to finish our annual on-site review requirements for calendar year 2022. OST’s objective remains to have the State fully certified by the end of March 2023. OST plans to revisit this process annually.

Digital Government Update

OST has begun implementing the new payment systems through Fiserv, primarily shifting agencies to new payment gateway software and technology. OST continues to finalize contract negotiations for account reconciliation and fee analysis software products, which Fiserv provided under a separate contract.

The fourth component of digital government, focused on the design of a resident and visitor portal, remains under contract negotiation in collaboration with the Department of Technology and Information. This service is anticipated to reach a final decision on contract award by July 1st.

House Bills 371 and 372 – Delaware Marijuana Control Act Discussion

Mr. Madrid asked Secretary Geisenberger to provide updates on House Bills 371 and 372, which separated out the legalization and retail distribution components of the prior marijuana legislation. OST had begun to explore potential implications for banking options on the acceptance of State tax revenues, potentially in the form of cash receipts, from retail dispensaries. The State’s banking partners indicated that they are willing to receive tax revenues but will not work with the retail client directly. In the event this should pass, the timeline for implementation will take several years.

OTHER MATTERS OF THE BOARD

PUBLIC COMMENTS

No members of the public present for comment.

EXECUTIVE SESSION

No executive session was held.

NEXT MEETINGS

- The next Investment Subcommittee meeting is scheduled for August 3, 2022.
- The next Banking Subcommittee meeting is scheduled for August 10, 2022.
- The next full Board meeting is scheduled for September 7, 2022.

ADJOURNMENT

A MOTION to adjourn the meeting at 10:55 a.m. was made by Ms. Miller and seconded by Mr. Engle.

John Flynn
Board Chair