



**MINUTES FROM MEETING OF
THE CASH MANAGEMENT POLICY BOARD
March 9, 2022**

A meeting of the Cash Management Policy Board (the “Board”) was held on March 9, 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
The Honorable Colleen Davis, State Treasurer
Ms. Ruth Ann Jones, Controller General
Mr. Richard Geisenberger, Secretary, Department of Finance
Mr. Jeffrey Bullock, Secretary, Department of State

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
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
Ms. Pamela Smith, Assistant Cash and Debt Manager, OST
Mr. Stephen McVay, Assistant Cash and Debt Manager, OST
Ms. Lindy Scott, Executive Assistant, OST
Mr. Sean McNeeley, Director of Bond Finance, Department of Finance

CALLED TO ORDER

Mr. Flynn called the meeting to order at 10:01 a.m.

INTRODUCTIONS

The OST organizational chart was provided to the Board to indicate new staff members. Mr. Flynn shared with the Board that John Krimmel retired from NEPC in December 2021 and introduced Kevin Leonard as his successor.

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Karia and seconded by Ms. Miller to approve minutes from the Board meeting on December 1, 2021.

MOTION ADOPTED UNANIMOUSLY.

NEPC PERFORMANCE REPORT

2021 4th Quarterly Investment Performance Report

Mr. Leonard presented the Board with an overview of the State’s portfolio performance for the fourth quarter of 2021. The State’s consolidated balance is \$5.3 billion (including CARES and ARPA funds), with liquidity and reserve portfolio balances of \$4.1 billion.

Market Update

Ms. Appel provided an update on the Russian/Ukrainian conflict’s impact on the markets. She also noted that the Federal Reserve is proposing six rate increases this year.

Currently, the State’s direct and indirect Russian market exposure is less than \$100,000.

INVESTMENT SUBCOMMITTEE REPORT

Investment Custodian Contract Update

Ms. Kwesseu reported that contract negotiations conclude, and that Treasurer Davis signed off on the legal documents.

Investment Guidelines Change Update

The effective date of the proposed changes to the investment guidelines was January 11, 2022. The online version of the Administrative Code was updated February 2022.

Wilmington Trust IM Contract Assignment Request Discussion and Vote

Wilmington Trust, N.A. (“WTNA”) will no longer manage certain investment management accounts held at third-party custodians. WTNA seeks approval to assign the contract to an affiliate, Wilmington Trust Investment Advisors, Inc. Critical aspects of the management of the account will remain in place and unchanged.

A MOTION was made by Ms. Miller and seconded by Mr. Karia to approve the assignment of the WTNA investment management agreement to Wilmington Trust Investment Advisors, Inc.

MOTION ADOPTED UNANIMOUSLY.

Resolution No. 2021-1 Further Amending Investment Architecture for the State’s Cash Accounts Discussion and Vote

At the August 25th meeting, the Board approved a 40/60 liquidity-versus-reserve allocation. At the December 1st meeting, the Board approved a 50/50 liquidity-versus-reserve allocation, which OST implemented by drawing assets from Chandler and Lazard.

The Board again revisited the investment architecture in light of ongoing liquidity and interest rate concerns. Mr. Marvin led the discussion on the liquidity versus reserve allocation and advocated that the Board consider a higher percentage of funds in liquidity accounts.

The Board discussed going to a 65/35 liquidity versus reserve allocation, not include CARES Act and ARPA funding.

A MOTION was made by Secretary Geisenberger and seconded by Mr. Engle to change the Investment Architecture to a 65/35 (liquidity vs. reserve) split.

MOTION ADOPTED UNANIMOUSLY.

BANKING SUBCOMMITTEE REPORT

General Banking Services Project Update

JP Morgan Chase – General Banking

Mr. Madrid discussed the status of the banking project which is nearly 90% complete. Over the next three to six months, OST plans to set a final closing date for the concentration accounts at BNY Mellon and PNC Bank to conclude this project.

Mr. Madrid thanked Lisa Embert, the RTM Team and Fiah Kwesseu and the OFM Team for their hard work and efforts on the General Banking Project.

US Bank - ReliaCard Prepaid Card (RC) Discussion and Vote

The first of two potential two-year contract extensions were due on March 6, 2022. Under this extension, U.S. Bank provided a contract amendment to OST with additional terms and conditions, which Mr. Madrid outlined for the Board.

A MOTION was made by Mr. Engle and seconded by Mr. Karia to approve the first two-year extension.

Local Banking Services Update

On February 7th, OST went live with our over-the-counter account with M&T Bank for a select test group in Sussex County. File testing was completed with First State Financials and went into production on March 2nd.

Merchant Services Project Update

Payment Card Industry (“PCI”) Compliance Update

OST was granted an extension to submit PCI Compliance reporting by March 31, 2023. Mr. Flynn acknowledged the work and efforts of the PCI team during this project.

Digital Government RFP Update

OST finalized contract negotiations with Fiserv for two of the three components of the digital government RFP, payment gateway software and technology, and merchant processing services. OST will now finalize contract negotiations for the third component, account reconciliation and fee analysis.

House Bill 305 – Delaware Marijuana Control Act Discussion

Secretary Geisenberger previously discussed House Bill 305 during the Banking Subcommittee meeting and requested that OST reach out to the State’s banking partners to inquire about their position on 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 work receive tax revenues but will not work with the retail client directly.

TELEPHONIC MEETING PROCEDURES DISCUSSION

Ms. Kwesseu provided the Board an update on The State of Delaware’s Emergency Order for COVID-19 restrictions. The restrictions have been lifted and in-person meetings can resume. The Board noted their preference to continue to proceed in a virtual environment with an established publicly available anchor location for future meetings.

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 May 4, 2022.
- The next Banking Subcommittee meeting is scheduled for May 11, 2022.

- The next full Board meeting is scheduled for June 1, 2022.

ADJOURNMENT

Mr. Flynn adjourned the meeting at 11:31 a.m. (no motion)

Respectfully submitted,

John Flynn
Board Chair

DRAFT