



**MINUTES FROM THE INVESTMENT SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
May 4, 2022**

A meeting of the Investment Subcommittee (the “Subcommittee”) of the Cash Management Policy Board (the “Board”) was held on May 4, 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
The Honorable Ms. Colleen Davis, State Treasurer
Mr. Rick Geisenberger, Secretary, Department of Finance

Subcommittee Members Not Represented or in Attendance

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Ms. Lisa Embert, Director of Reconciliations and Transaction Management, OST
Ms. Fiah M. Kwesseu, Director of Operations & Fund Management, OST
Mr. Daniel Madrid, Chief Operating Officer, 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 10:00 a.m.

INTRODUCTION

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Karia and seconded by Treasurer Davis to approve minutes from the Subcommittee meeting held on February 2, 2022.

MOTION ADOPTED UNANIMOUSLY

SCHOOL AND SPECIAL FUND (“SSF”) RATE CALCULATION DISCUSSION & POTENTIAL VOTE

Ms. Kwesseu shared that the SSF rate calculation is to be 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 months in which the State was paying out SSF interest at the expense of the general fund.

NEPC presented 3-, 6-, and 9-month SSF calculation scenarios. After review and discussion, the Subcommittee recommended a shift to a 9-month rolling average. This option will be more reactive to

the changing market environment allowing school districts and state agencies to be able to see the return 3 months sooner than the existing structure.

A MOTION was made by Treasurer Davis and seconded by Mr. Marvin to recommend that the Board adopt a nine- month rolling average for the SSF rate calculation.

MOTION ADOPTED UNANIMOUSLY

CARES ACT FUND DISCUSSION

Ms. Kwesseu provided an update with respect to CARES Act balances as of April 29, 2022, with both PFM Asset Management (“PFM”) and Wilmington Trust (“WTC”) holding \$26.4 million in remaining balances. To date, we had twenty-one draws from each account since initial funding of \$927.2 million in April 2020.

The CARES New Castle County (“NCC”) balances as of April 29, 2022, are \$1.5 million for both PFM and WTC. NCC initial funding occurred on December 18, 2021, and both are earning no interest (as of March 31, 2022). Recently, the Department of Finance announced that they plan on obligating the remaining CARES Act funds by June 30th.

AMERICAN RESCUE PLAN ACT (ARPA) DISCUSSION

Mr. Madrid provided an update that ARPA balances as of April 29, 2022, are \$384 million for PFM and \$380.6 million for WTC. Currently, we had three draws from each account since initial funding of \$924.5 million in May of 2021.

In addition, OST is anticipating a second tranche of funding for fifty-five municipalities in Delaware in the amount of approximately \$44 million from the U.S. Treasury during the month of June. OST has been in regular contact with the municipalities and will administer the payments in a timely manner as was done previously with the funds received in May of 2021.

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 June 1, 2022

The next Subcommittee meeting is scheduled for August 3, 2022

ADJOURNMENT

Meeting was adjourned at 10:15am.

Respectfully submitted,

David Marvin
Chair for the Investment Subcommittee

Mike Karia
Co-Chair for the Investment Subcommittee