



**MINUTES FROM MEETING OF THE CASH MANAGEMENT POLICY
BOARD
February 26, 2020**

A meeting of the Cash Management Policy Board (the “Board”) was held on February 26, 2020 at 10:00 a.m. in the large conference room of the Office of the State Treasurer (“OST”), located at 820 Silver Lake Blvd., Suite 100, Dover, Delaware 19904.

Board Members Represented or in Attendance:

Mr. John Flynn, Chair (telephonically)
Mr. Warren Engle, Banking Subcommittee Chair (telephonically)
Mr. Mike Karia, Investment Subcommittee Co-Chair (telephonically)
Mr. David Marvin, Investment Subcommittee Co-Chair (telephonically)
The Honorable Colleen Davis, State Treasurer
Mr. Jeffrey Bullock, Secretary, Department of State (telephonically)

Board Members Not Represented or in Attendance:

Ms. Tarrie Miller, Board Member
Mr. Michael Morton, Controller General
Mr. Richard Geisenberger, Secretary, Department of Finance

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Department of Justice (telephonically)
Ms. Liza Druck Davis, Deputy State Treasurer, OST
Mr. Daniel Madrid, Chief Operating Officer, OST (telephonically)
Ms. Fiah Kwesseu, Director of Operations & Fund Management, OST
Ms. Dawn Davis, Assistant Cash and Debt Manager, OST
Mr. Todd Feeley, Banking Service Implementation Manager, OST (telephonically)
Mr. Stephen McVay, Investments and Cash Manager, OST
Mr. Francis Tormen, Department of Technology and Information (“DTI”)
Mr. John Krimmel, Partner, NEPC (telephonically)
Ms. Jennifer Appel, Senior Research Analyst, NEPC (telephonically)

CALLED TO ORDER

Mr. Flynn called the meeting to order at 10:03 a.m.

INTRODUCTIONS

Ms. Fiah Kwesseu was introduced to the Board.

A request was made for OST to distribute the new organizational chart to the Board.

APPROVAL OF MEETING MINUTES

A MOTION was made by Mr. Engle and seconded by Mr. Karia to approve the minutes from the December 4, 2019 meeting.

MOTION ADOPTED UNANIMOUSLY

NEPC PERFORMANCE REPORT

2019 4TH Quarter Investment Performant Report

Ms. Appel reported that 2019 was a stellar year for performance as most major asset classes were positive. Equities and many areas of fixed income were up significantly as well. Although the new year (2020) opened on a positive note, that quickly changed due to concerns related to coronavirus. Markets are trying to price in the potential impact of the virus. The volatility in rates most likely will continue in the near term. There may be a significant impact on Chinese and global GDP due to the containment efforts. The Board further discussed the impact that coronavirus may have on global markets and business activities.

Mr. Kimmel presented the Board with an overview of the State's portfolio performance for Q4 2019. The total portfolio returned 0.38% for the quarter and 1.66% fiscal YTD. The combined liquidity and reserve portfolios returned 0.23% for the quarter and 1.54% fiscal YTD. The liquidity portfolio returned 0.54% for the quarter and 1.21% fiscal YTD. The reserve portfolio returned 0.12% for the quarter and 1.61% fiscal YTD. The endowment portfolio returned 5.88% for the quarter and 5.98% fiscal YTD.

INVESTMENT SUBCOMMITTEE REPORT

Investment Guidelines Update

The updated Guidelines were submitted to the Registrar's office and posted on OST's website. The investment managers are adhering to the new Guidelines.

Endowment Manager RFP Update

The endowment manager RFP has been posted and is open until March 13, 2020. OST has received and answered more than thirty questions from potential vendors. Interviews will be scheduled for April with approval sought at the May Investment Subcommittee and full Board meetings.

Investment Consultant RFP

[Mr. Krimmel and Ms. Appel left the call for the discussion and vote.]

The current investment consultant contract with NEPC expires December 31, 2020. The tentative timeline is as follows: April 3, 2020-issue RFP, May 14, 2020-RFP closes, mid-June- applicant presentations. Finalists will be invited to present at the August meetings. An offer was extended to the Board members to participate on the evaluation committee. There was discussion around the appropriate term of the awarded contract.

A MOTION was made by Mr. Marvin and seconded by Treasurer Davis to grant OST authority commence an RFP for investment consulting services.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Mr. Marvin and seconded by Mr. Karia that the investment consulting services contract have an initial five-year term with three one-year optional extensions.

MOTION ADOPTED UNANIMOUSLY

BANKING SERVICES PROJECT UPDATE

Stored Value Card – US Bank

Ms. Kwesseu and Mr. Feeley provided updates on the current banking services projects. The Department of Labor (unemployment insurance benefits) and the Division of Child Support Services (child support payments) are currently in production with stored value card services. OST is working through the final stored value card transition with the Department of Services for Children, Youth and Their Families (foster care payments).

General Banking – JP Morgan

OST, the Office of Unclaimed Property, the Department of Labor, the Division of Revenue and “PHRST,” the State’s central payroll operations group, have begun the implementation process. JP Morgan is gathering agency requirements, opening accounts and developing project plans. JP Morgan will waive new account fees until we move to production. The primary focus is to move the PNC disbursement accounts to JP Morgan by year-end 2020.

Local Banking – M & T Bank

OST is currently negotiating the primary local banking contract for over-the-counter services with M&T Bank. The revised statement of work was submitted to M&T on February 24, 2020.

MERCHANT SERVICES UPDATE

PCI and Remediation Update

Mr. Francis Tormen walked the Board through a PowerPoint presentation concerning OST’s ongoing PCI remediation efforts. There was discussion around the assessment of fines for non-compliance, the Courts’ outdated server, and recommendations to resolve the server problem.

Merchant Services Consultant RFP Update and Action

Mr. Madrid provided an update regarding the RFP for merchant services consulting services. The RFP was categorized into three domains: (1) merchant processing, (2) gateway services and products, and (3) PCI consulting services. OST received one bid from CampusGuard. Campus Guard currently is under contract with OST for discrete PCI-related services.

The RFP evaluation committee held a finalist presentation meeting with CampusGuard and scored their proposal. The recommendation of the evaluation committee to the Banking Subcommittee and now to the Board is to award one component of the original RFP (PCI consulting and services) to CampusGuard and rebid the remaining two components (merchant processing systems and gateway services).

The rationale for this recommendation was to continue to leverage CampusGuard’s expertise on PCI compliance on an expanded basis, while also segregating the data security services from the other components of the RFP. There was discussion around the bid amount and contract term.

A MOTION was made by Mr. Engle and seconded by Treasurer Davis to grant OST authority to (1) award a contract (two-year term with two one-year optional extensions) with CampusGuard solely for PCI consulting services, and (2) re-bid for merchant processing and gateway services consulting.

MOTION ADOPTED UNANIMOUSLY

Epilogue Language Discussion and Action

Mr. Madrid presented proposed changes to current merchant services oversight law. Delaware law does not clearly delineate what State entity has oversight responsibility for merchant processing, gateway services and PCI compliance. The proposed language will vest the Board with authority over merchant processing and PCI compliance and OST (after consultation with DTI) with authority over gateway services..

**A MOTION was made by Mr. Engle and seconded by Treasurer Davis to grant OST authority to propose the new epilogue language for incorporation in the FY2021 budget epilogue.
MOTION ADOPTED UNANIMOUSLY**

OTHER MATTERS OF THE BOARD

A discussion of the 2021-2023 Board calendar will take place at the May Board meeting.

EXECUTIVE SESSION

No executive session was held.

PUBLIC COMMENTS

No members of the public present for comment.

NEXT MEETINGS

The next full Board meeting is scheduled for May 27, 2020.

ADJOURNMENT

Mr. Flynn adjourned the meeting at 11:30 a.m.

Respectfully submitted,

John Flynn
Board Chair