



**MINUTES FROM THE MEETING OF  
THE CASH MANAGEMENT POLICY BOARD  
FEBRUARY 27, 2019**

A meeting of the Cash Management Policy Board (the “Board”) was held on February 27, 2019 at 10:00 a.m. in the Main Conference Room of the Office of the State Treasurer (“OST”), 820 Silver Lake Blvd., Dover, DE 19904

Board Members Represented or in Attendance:

Mr. John Flynn, Board Chair  
Mr. Dave Marvin, Co-Chair, Investment Subcommittee  
Mr. Mike Karia, Co-Chair, Investment Subcommittee  
Mr. Warren Engle, Co-Chair, Banking Subcommittee  
The Honorable Colleen Davis, State Treasurer  
Mr. Michael Morton, Controller General  
Mr. Richard Geisenberger, Secretary, Department of Finance

Board Members Not Represented or in Attendance:

Mr. Jeffrey Bullock, Secretary of State

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General  
Mr. Daniel Scholl, Deputy State Treasurer, Office of the State Treasurer (“OST”)  
Mr. Joshua Berkow, Director of Debt and Cash Management, OST  
Mr. Khary DeWitt, Director of Banking Services, OST  
Ms. Liza Druck, Policy Advisor, OST  
Mr. Stephen McVay, Cash Manager, OST  
Mr. John Krimmel, Partner, NEPC

**CALLED TO ORDER**

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

**INTRODUCTIONS**

Mr. Flynn introduced Treasurer Davis and Deputy Dan Scholl to the Board.

**APPROVAL OF MINUTES**

Mr. Flynn informed the Board that the minutes from the May 14, 2018 special meeting were never reviewed and approved. This special meeting was held to approve the regulatory implementing order required to amend the Board’s investment guidelines.

**A MOTION was made by Mr. Karia and seconded by Mr. Engle to approve the minutes of the May 14, 2018 Board meeting.**  
**MOTION ADOPTED UNANIMOUSLY**

**A MOTION was made by Mr. Geisenberger and seconded by Mr. Karia to approve the minutes of the November 28, 2018 Board meeting.**  
**MOTION ADOPTED UNANIMOUSLY**

### **NEPC PERFORMANCE REPORT**

*2018 4<sup>th</sup> Quarter Investment Performance Report*

Mr. Krimmel presented NEPC's quarterly investment performance report to the Board. As of December 31, 2018, the portfolio assets totaled \$2.13 billion. For the quarter, the overall portfolio return was 0.97%, with the liquidity portfolio generating a return of 0.64%, and the reserve portfolio generating a return of 1.80%. The combined liquidity and reserve portfolios are up 1.58% year-to-date. The endowment portfolio was down -7.87% in the Fourth Quarter. NEPC anticipates that the endowment results will pick up as equity markets continue to rebound in the current quarter.

Mr. Krimmel and Mr. Marvin offered the Board their respective outlooks on bond and equity markets. Mr. Krimmel anticipates continued volatility relative to the past several years. Mr. Marvin commented that the high-quality asset orientation in the portfolio is well-suited for the anticipated changes in the international interest rate environment.

### **INVESTMENT SUBCOMMITTEE REPORT**

*No report due to cancellation of February 6, 2019 Investment Subcommittee Meeting*

### **BANKING SUBCOMMITTEE REPORT**

*Review and approval of US Bank Stored Value Card contract resulting from RFP*

Mr. Berkow provided an update on the Banking Services RFP contract negotiations. The stored value card contract with US Bank has been finalized and is ready for Board approval. Mr. Berkow reviewed the key contract terms for the Board.

**A MOTION was made by Mr. Engle and seconded by Mr. Geisenberger to approve the US Bank Stored Value Card contract resulting from RFP.**

**MOTION ADOPTED UNANIMOUSLY**

Mr. Berkow discussed contract negotiations for the P-card component of the Banking Services RFP. The contract will continue to be owned and administered by the Division of Accounting. The current P-card vendor, J.P. Morgan, will continue to provide services under the new contract. The new contract is expected to be ready for execution prior to the expiry of the current contract on March 31, 2019. The general banking contract, covering collections, disbursements, lockbox and check printing services, will likely have the longest negotiation period due to the scope and cost. The general banking contract should be ready for Board approval by the May Board meeting, if not sooner. Implementation planning will commence as soon as contract negotiations are completed.

Mr. Berkow advised that the Local Banking RFP will be issued in the coming weeks. PFM is assisting with drafting the RFP, however, their current contract expires in April. Mr. Berkow highlighted the quality of their work product, and recommended exercising the second of two six-month extensions in order for PFM to assist with evaluating the RFP responses.

**A MOTION was made by Mr. Engle and seconded by Mr. Geisenberger to extend PFM’s banking consultant contract for six months.**

**MOTION ADOPTED UNANIMOUSLY**

*Merchant Services Project Update*

Mr. DeWitt provided the Board with an update regarding merchant services initiatives. OST is undertaking the Payment Efficiency and Security Project, with the goal of improving the payment processing systems that support State agencies and ensuring Payment Card Industry (PCI) Compliance. OST has entered into an engagement with Arrow Payments, an independent payment technology advisor, to analyze current payment systems and security across agencies, with the goal of recommending strategies for improvements. Arrow has commenced their agency review sessions, and is expected to present their findings in April. Based on their findings, a long-term project may be needed to remediate gaps and improve the current infrastructure. The Department of Technology and Information (“DTI”) is actively participating in this project, given the technical nature of the work.

**OTHER MATTERS OF THE BOARD**

*Review and approval of CMPB Annual Report*

**A MOTION was made by Mr. Geisenberger and seconded by Mr. Engle to approve the FY 2018 Annual Report.**

**MOTION ADOPTED UNANIMOUSLY**

**PUBLIC COMMENTS**

No members of the public were present.

**NEXT MEETING**

The next meeting is scheduled for May 22, 2019.

**ADJOURNMENT**

**A MOTION was made by Mr. Flynn and seconded by Mr. Karia to adjourn the meeting of the Board at 10:40 a.m.**

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

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John Flynn  
Chair, Cash Management Policy Board