



**MINUTES FROM MEETING OF  
THE CASH MANAGEMENT POLICY BOARD  
May 26, 2021**

A meeting of the Cash Management Policy Board (the “Board”) was held on May 26, 2021 at 10:00 a.m. Pursuant to Governor Carney’s Emergency Orders concerning the Covid-19 pandemic, the meeting was held telephonically, without a physical location.

Board Members Represented or in Attendance:

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

Board Members Not Represented or in Attendance:

Ms. Tarrie Miller, Banking Subcommittee Co-Chair  
Ms. Ruth Ann Jones, Controller General

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice  
Ms. Liza Davis, Deputy Treasurer, Office of the State Treasurer (“OST”)  
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. Brennon Fountain, Controller II, OST  
Ms. Dawn Davis, Assistant Cash and Debt Manager, OST  
Mr. Stephen McVay, Assistant Cash and Debt Manager, OST  
Mr. Sean McNeeley, Director of Bond Finance, Department of Finance  
Mr. John Krimmel, Partner, NEPC  
Mr. Kevin Leonard, Partner, NEPC  
Ms. Jennifer Appel, Senior Research Analyst, NEPC

## **CALLED TO ORDER**

Mr. Flynn called the meeting to order at 10:09 a.m.

## **INTRODUCTIONS**

Ms. Kwesseu introduced Ms. Paulette Hopkins as the State of Delaware's first Merchant Services Program Manager, effective on April 12<sup>th</sup>. Ms. Hopkins is an experienced financial professional with over 30 years with the State, including the prior 16 years having served as the Collections and Disbursement Program Manager for OST. Additionally, Ms. Kimberly Cruz, Senior Cash & Debt Analyst, joined OST on May 3rd. Ms. Cruz has an extensive background in Debt Management, Investments, & previously supported the Delaware Economic and Financial Advisory Council (DEFAC). She will be assuming responsibilities from Ms. Karen Morton, who is retiring on June 30<sup>th</sup>.

## **APPROVAL OF THE MINUTES**

**A MOTION was made by Mr. Karia and seconded by Mr. Marvin to approve minutes from the Board meeting on February 24, 2021.**

**MOTION ADOPTED UNANIMOUSLY.**

## **NEPC PERFORMANCE REPORT**

*2021 1<sup>st</sup> Quarterly Investment Performance Report*

Ms. Appel reported that, during the prior quarter, risk assets, such as equity, outperform fixed income assets. The differential in performance was driven by the ongoing vaccination efforts and monetary and fiscal policy.

Mr. Krimmel presented the Board with an overview of the State's portfolio performance for the first quarter of 2021. The total portfolio returned -1.29% for the quarter and -0.85% fiscal year-to-date ("YTD"). The combined liquidity and reserve portfolios returned -1.53% for the quarter and -1.25% fiscal YTD. The liquidity portfolio returned 0.06% for the quarter and 0.16% fiscal YTD. The reserve portfolio returned -2.21% for the quarter and -1.86% fiscal YTD. The endowment portfolio returned 2.19% for the quarter and 14.65% fiscal YTD. The CARES Act funds were still invested in the Northern Trust government money market fund at the end of the quarter, which returned 0.03% YTD.

## **INVESTMENT SUBCOMMITTEE REPORT**

*Investment Custodian RFP*

Treasurer Davis provided the status of the Investment Custodian contract with Northern Trust. The investment custodian contract with Northern Trust will expire on November 30, 2021. OST posted an RFP for custodian services on April 9, 2021.

*ARPA Update and Vote*

The President signed the American Rescue Plan Act of 2021 ("ARPA") on March 11, 2021. The State will receive a little more than \$1 billion. OST is tasked with distributing the projected \$85.6 million allocated to the State's 55 local governments. OST is proposing that the ARPA funds [like the existing liquidity accounts for the CARES Act funds use language from the committee minutes].

Secretary Geisenberger added that the funds could be used for longer term capital projects, such as water, wastewater, and broadband infrastructure.

**A MOTION was made by Treasurer Davis and seconded by Secretary Geisenberger to recommend that the Board [approve the proposed investment strategy for the ARPA funds – use language from the committee minutes].**

**MOTION ADOPTED UNANIMOUSLY**

*School and Special Fund Rate Calculation Update and Vote*

OST periodically reviews the school and special fund (“SSF”) rate. In 2018, the rate was set at a 12-month rolling average of the State’s liquidity portfolio, not to exceed the 12-month rolling average of the total portfolio. OST does not recommend changing the rate. [this paragraph should mirror the committee minutes]

**A MOTION was made by Treasurer and seconded by Mr. Engle to maintain the existing SSF rate for FY 2022.**

**MOTION ADOPTED UNANIMOUSLY**

*Endowment Portfolio Update*

Mr. Krimmel presented SEI’s proposal to add investments in private real estate to the State’s investment portfolio. The Subcommittee did not favor or vote on the proposal.

**BANKING SUBCOMMITTEE REPORT**

Mr. Madrid presented the banking subcommittee updates to the Board.

*General Banking Update*

All bank accounts identified as part of the general banking project with JP Morgan have been opened and services have been established. OST is reviewing the general banking accounts at PNC for closing. The Department of Services for Children, Youth and their Families is scheduled to implement US Bank’s ReliaCard services in September of 2021. This will complete the transition of stored value card services from KeyBank to US Bank.

*Local Banking Services Update*

*M&T, Citizens and TD Bank Implementation Status*

Currently, OST has met with Appoquinimink and Caesar Rodney School Districts. Appoquinimink has agreed to serve as the State’s first implementation to work out all technical details before additional agencies are onboarded.

*Merchant Services Project Update*

*PCI Compliance Update*

OST received notice on April 9th, from the incumbent merchant processor, Fiserv, that the State of Delaware is now being classified as a Level II merchant, instead of a Level III merchant. The impetus for this qualification is based on the State processing more than 1 million credit/debit transactions annually.

The new classification does not place the State under any additional PCI compliance requirements, other than an annual requirement to host an on-site evaluation of the State's merchant environment with a qualified security assessor ("QSA"). CampusGuard is contracted to provide QSA services.

Per Fiserv's recent communication to the State, the next PCI reporting date for all merchants is due on March 31, 2022.

#### *Digital Government RFP Update*

The digital government RFP remains in the evaluation phase through June with five finalists of the twelve original vendors under consideration. The committee is continuing to review best and final offers and discuss the terms and conditions that will be the most effective to the State. It is anticipated that award recommendations will occur in July or August.

#### *Extension of Payment Gateway Contract with Govolution Update and Vote*

Based on the scoring of proposals within the digital government RFP, it was determined that Govolution, the State's incumbent payment gateway provider, will not be awarded a contract under this RFP. However, given the anticipated timeline to transition all of the State's payment gateway components under the digital government RFP, it is recommended by OST that Govolution be provided a one-year extension of their existing contract.

**A MOTION was made by Mr. Engle and seconded by Treasurer Davis to grant OST authority to extend the payment gateway contract with Govolution for one year (through June 30<sup>th</sup>, 2022).**

**MOTION ADOPTED UNANIMOUSLY**

### **OTHER MATTERS OF THE BOARD**

#### **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 August 25, 2021.

#### **ADJOURNMENT**

**Mr. Flynn adjourned the meeting at 11:06 a.m. (no motion)**

Respectfully submitted,

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John Flynn  
Board Chair

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