



**MINUTES FROM THE INVESTMENT SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
August 2, 2023**

A meeting of the Investment Subcommittee (the “Subcommittee”) of the Cash Management Policy Board (the “Board”) was held on August 2, 2023, 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. Mike Karia, Subcommittee Chair
Mr. Steve Marvin, Board Member
Ms. Colleen C. Davis, State Treasurer
Mr. Rick Geisenberger, Secretary, Department of Finance
Mr. Warren Engle, Board Chair

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. Jordan Seemans, Deputy Director, OST
Ms. Lisa Embert, Chief Operating Officer, OST
Ms. Fiah Kwesseu, Director of Operations and Fund Management, OST
Mr. Brennon Fountain Director of Reconciliations and Transaction Management, OST
Mr. Stephen McVay, Assistant Cash and Debt Manager, OST
Ms. Lindy Scott, Executive Assistant, OST
Ms. Monai Washington, Special Assistant to the Treasurer, OST
M. Priyanshi Vaidya, Accounting Specialist, OST
Miles Lamons, Summer Intern, OST
Julia Mufigho, Summer Intern, OST
Ms. Jennifer Appel, NEPC
Ms. Alexandra Sollers, NEPC
Mr. Kevin Leonard, NEPC

CALLED TO ORDER

The meeting was called to order at 10:00 a.m. A quorum was established.

INTRODUCTIONS

No introductions were provided.

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Marvin and seconded by Mr. Karia to approve minutes from the Subcommittee meeting held on May 3, 2023.

MOTION ADOPTED UNANIMOUSLY

2023 LIQUIDITY & RESERVE MANAGER DUE DILIGENCE MEETINGS DISCUSSION AND POTENTIAL VOTE

Ms. Sollers led the discussion on the liquidity and reserve managers due diligence meetings. Ms. Sollers shared that all are performing well. A memo was circulated to all Board members and staff which summarized all the findings during the meetings with Office of the State Treasurer staff, NEPC, and the six investment management firms. Discussion was held and no formal resolution was taken.

ARCHITECTURE ALLOCATION DISCUSSION

Ms. Kwesseu stated that during the June 7th meeting, the Board voted to return to a 25% liquidity – 75% reserve allocation. As of June 30, 2023, the current allocation is as follows: 40% liquidity – 60% reserve.

Since June 7th, OST continued to organically rebalance from liquidity to reserve accounts. For the quarter, draws from the liquidity accounts totaled \$110 million and funding to the reserve accounts totaled \$700 million. OST plans to continue to organically rebalance through the remainder of the calendar year with hopes of achieving the target 25% liquidity and 75% reserve allocation by year-end. OST will keep the Board apprised of progress at our quarterly meetings and monthly progress can be monitored via the NEPC Monthly Flash reports.

DISCUSSION AND VOTE REGARDING DOCUMENTATION OF ALLOCATION CHANGES

Ms. Kwesseu reviewed the past practice of documenting the allocation changes in formal resolutions. They are not necessary, as the discussions and decisions are captured on video recordings and memorialized in minutes. If there is consensus in favor of continuing this practice, OST will submit a resolution reflecting the shift back to 25% liquidity, 75% reserve.

Secretary Geisenberger made a MOTION to recommend that the DOJ draft a formal process to present during the November 1, 2023, Investment Subcommittee by which the architecture review, structural review and allocation shifts are evaluated and vetted by both the Investment Subcommittee and the Cash Management Policy Board.

LIQUIDITY & RESERVE MANAGERS CONTRACT EXTENSION DISCUSSION AND VOTE

Ms. Kwesseu shared an update regarding the liquidity and reserve manager contracts (PFM, Wilmington Trust, BlackRock, Chandler, JP Morgan, and Lazard). They have been extended once before and are again set to expire on January 31, 2024. The State still has two additional one-year extension options under each contract. OST is seeking authority to extend the contracts for additional one-year terms, with the contracts expiring on January 31, 2025.

MOTION to approve the second one-year term extension for PFM Group, Wilmington Trust, BlackRock, Chandler Asset Management, JP Morgan, and Lazard contracts was made by Mr. Seemans and seconded by Mr. Marvin.

ARPA FUND UPDATE

Mr. McVay stated that as of June 30, 2023, the State ARPA funds totaled \$649.2 million with two draws for \$33.8 million occurring during the quarter. The local ARPA fund balance is \$2.9 million. This account has been with the state's banking partner, JP Morgan Chase. In July, there was an additional withdraw of \$47.6 million, the ARPA funds total balance is closer to \$600 million.

Mr. Seemans stated the U.S Treasury has set up a process in which state governments will return any withheld funds from local governments. As of the end of June the Office of the State Treasurer initiated a request to return the \$2.6 million back to the U.S Treasury.

OTHER MATTERS OF THE SUBCOMMITTEE

PUBLIC COMMENT

No public comment issued by attending member of the public.

EXECUTIVE SESSION

No executive session was held.

NEXT MEETING

The next full Board meeting is scheduled for September 6, 2023.

The next Subcommittee meeting is scheduled for November 1, 2023.

ADJOURNMENT

The Investment Subcommittee was adjourned at 10:44 am.

Respectfully submitted,

Mike Karia
Chair for the Investment Subcommittee