



**MINUTES FROM MEETING OF
THE CASH MANAGEMENT POLICY BOARD
September 6, 2023**

A meeting of the Cash Management Policy Board (the “Board”) was held on September 6, 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, Delaware.

Board Members Represented or in Attendance:

Mr. Warren C. Engle, Chair
Mr. Mike Karia, Investment Subcommittee Chair
Ms. Tarrie Miller, Banking Subcommittee Chair
The Honorable Colleen C. Davis, State Treasurer
Mr. Richard Geisenberger, Secretary, Department of Finance
Mr. Jeffrey Bullock, Secretary, Department of State
Ms. Ruth Ann Miller, Controller General
Mr. Leland Sylver, Member
Mr. Steve Marvin, Member

Others in Attendance:

Mr. Jordan Seemans, Deputy Treasurer, OST
Ms. Lisa Embert, Chief Operating Officer, OST
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice (“DOJ”)
Ms. Fiah M. Kwesseu, Director of Operations & Fund Management, OST
Mr. Brennon Fountain, Director of Reconciliations and Transaction Management, OST
Mr. Stephen McVay, Assistant Cash and Debt Manager, OST
Ms. Paulette Hopkins, Merchant Services Program Manager, OST
Ms. Priya Vaidya, Accounting Specialist
Ms. Monai Roberts, Special Assistant to the State Treasurer, OST
Ms. Lindy Scott, Executive Assistant, OST
Mr. Kevin Leonard, NEPC
Ms. Jennifer Appel, NEPC
Ms. Alexandra Sollers, NEPC
Mr. Brent Hobby, CampusGuard

CALLED TO ORDER

Mr. Engle called the meeting to order at 10:00 a.m. A quorum was met.

APPROVAL OF THE MINUTES

A motion was made by Mr. Karia and seconded by Ms. Miller to approve minutes from the Board meeting on June 7, 2023.

MOTION ADOPTED UNANIMOUSLY

INVESTMENT SUBCOMMITTEE REPORT

- **2nd Quarter Investment Performance Analysis**
 - Mr. Leonard and Ms. Appel presented the Board with an overview of the State's portfolio performance for the 1st Quarter 2023. The State's consolidated balance is \$6.6 billion (including CARES and ARPA funds), with liquidity and reserve portfolio balances of \$5.8 billion.
- **2023 Liquidity & Reserve Manager Due Diligence Meetings Discussion**

Ms. Appel and Mr. Leonard provided an update on the investment manager meetings and potential guideline changes.
- **Architecture Allocation Discussion and Vote**
 - Ms. Kwesseu shared an update on the liquidity and reserve allocation. 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 has 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 the hope of achieving the target 25% liquidity and 75% 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 Potential Vote Regarding Documentation of Allocation Changes**
 - Ms. Kwesseu discussed the process of documentation of allocation changes. We have a 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.
 - On August 2, 2023, the Investment Subcommittee made a motion to recommend to the Board that the architecture review process be memorialized in a writing and presented for approval and recommendation at the November 1, 2023, Investment Subcommittee meeting.

A motion was made by Mr. Karia and seconded by Mr. Marvin that OST and the DOJ present a formal procedure for architectural review at the November 1, 2023, Investment Subcommittee meeting.

MOTION ADOPTED UNANIMOUSLY

- **Liquidity & Reserve Managers Contract Extension Discussion and Vote**
 - The current liquidity and reserve manager contracts (PFM, Wilmington Trust, BlackRock, Chandler, JP Morgan, and Lazard) 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.

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

MOTION ADOPTED UNANIMOUSLY

BANKING SUBCOMMITTEE REPORT

- **General Banking Update**

- Ms. Embert provided the general banking update. The PNC account is scheduled to close by end of calendar year. This is the direct result of Child Support transition to TD Bank. If this can be mitigated sooner, the PNC account will close before the December 31, 2023, deadline.

- **Local Banking Project Update**

- Ms. Embert shared that discovery calls have been scheduled with all remaining schools and state agencies converting to M&T, TD and Citizens Banks. We have noticed that due to the State Date check requirements some bank accounts have remained open. This project is progressing as predicted and is expected to be completed by December 31, 2023.

- **Local Banking Contract Extensions Discussion and Vote**

- Ms. Embert explained that the local banking contracts are set to expire as follows M&T Bank on September 10, 2023, and TD & Citizens Banks on December 21, 2023. The contracts can be extended at the State's sole option for up to two additional two-year terms. It is OST's desire to extend the contracts for an additional two years. The new expiration dates will be M&T Bank September 10, 2025, and TD & Citizens Banks December 21, 2025. The Banking Subcommittee made a recommendation to the Board to authorize Treasury into the first two-year term extension for M&T, TD, and Citizen Banks contracts.

A motion was made by Mr. Engle and seconded by Ms. Miller to authorize OST to enter the first two-year term extensions for the M&T, TD and Citizens Banks contracts.

MOTION ADOPTED UNANIMOUSLY

- **Merchant Services Discussion and Vote**

- **Fiserv Migration Project Update**

Ms. Hopkins commented on the continued progress made with our migration of payment gateway and merchant processing services to Fiserv. Currently, the migration has a target completion date of May 31, 2025, which is contingent upon the creation of the digital government payment portal.

- **PCI Compliance Project Update**

- Ms. Hopkins talked about PCI Compliance. The latest version of the annual PCI DSS awareness training program for all merchants who handle Cardholder Data "CHD" was released in July 2023. This will continue to be revised on an annual basis in coordination with CampusGuard.

- Merchants are completing their Self- Assessment Questionnaire “SAQs” through a portal established by CampusGuard. Due to the latest version of the annual PCI DSS version 4.0, we have paused completion of SAQ’s until late summer-early fall of 2023.
- **Digital Government Project Update**
 - Ms. Hopkins provided an update concerning the design of a resident and visitor portal, which should be available by March 2024.

OTHER MATTERS OF THE BOARD

PUBLIC COMMENTS

No members of the public present for comment.

EXECUTIVE SESSION

No executive session was held.

NEXT MEETINGS

- The next full Board meeting is scheduled for December 13, 2023.
- The next Investment Subcommittee meeting is scheduled for November 1, 2023.
- The next Banking Subcommittee meeting is scheduled for November 8, 2023.

ADJOURNMENT

Mr. Engle adjourned the meeting at 10:58 a.m.

Respectfully submitted,

Warren C. Engle
Board Chair