



**MINUTES FROM MEETING OF
THE CASH MANAGEMENT POLICY BOARD
December 13, 2023**

A meeting of the Cash Management Policy Board (the “Board”) was held on December 13, 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
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. Stephen Marvin, Member

Not in Attendance:

Mr. Mike Karia, Investment Subcommittee Chair

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
Mr. Vivek Maharaj, Merchant Services Program Manager, OST
Mr. Brian Maxwell, Chief Operating Officer OST
Ms. Monai Roberts, Special Assistant to the State Treasurer, OST
Ms. Lindy Scott, Executive Assistant, OST
Mr. Kevin Leonard, NEPC
Ms. Jennifer Appel, NEPC
Mr. Jonovan Sackey, 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 Ms. Miller and seconded by Secretary Geisenberger to approve minutes from the Board meeting on September 6, 2023.

MOTION ADOPTED UNANIMOUSLY

Resolution Establishing Subcommittee Charters Discussion

During the November 2023 Investment and Banking Subcommittee meetings, the topic of committee charters was discussed. The process for portfolio performance review is part of the Investment Subcommittee's express mandate under the proposed charter. This resolution has been tabled during both the Investment and Banking subcommittee meetings and will be revisited during the February meetings.

Resolution Establishing Governance Discussion

In the 2022 Annual Report for the Board, governance was listed as a priority for 2023. Mr. Staib described the resolution and invited discussion about how governance matters should be addressed. This will be vetted through both the Investment and Banking Subcommittee meetings in February.

INVESTMENT SUBCOMMITTEE REPORT

- **3rd Quarter Investment Performance Analysis**

Mr. Leonard and Ms. Appel presented the Board with an overview of the State's portfolio performance for the 3rd Quarter 2023. The State's consolidated balance is \$6.6 billion (including ARPA funds), with liquidity and reserve portfolio balances of \$5.8 billion.

- **Rainy Day and Budget Stabilization Memos Discussion and Vote**

NEPC presented information on the Rainy Day and Budget Stabilization Memos. This is a sub-piece of the architecture allocation.

A motion was made by Mr. Engle and seconded by Ms. Miller to approve the Rainy Day and Budget Stabilization Memos.

MOTION ADOPTED UNANIMOUSLY

- **Investment Guideline Changes Discussion**

During the November 1st subcommittee meeting, NEPC presented proposed changes to the Investment Guidelines. The Investment Subcommittee did not accept the proposed changes; therefore, a vote was not needed.

- **Resolution No. 2023-2 Further Amending Investment Architecture For The State's Cash Accounts and Vote**

During the June 7th meeting, the Board voted to return to a 25% liquidity – 75% reserve allocation. As of September 30, 2023, the allocation was: 36% liquidity – 64% reserve.

OST has continued to organically rebalance from liquidity to reserve accounts. For the quarter, draws from the liquidity accounts totaled \$450 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.

This resolution was a request of the Investment Subcommittee. This will serve as a standard operating procedure going forward.

**A motion was made by Mr. Engle and seconded by Mr. Sylver to approve Resolution No. 2023-2.
MOTION ADOPTED UNANIMOUSLY**

- **ARPA Fund Update**

As of September 30, 2023, the State ARPA funds totaled \$581.2 million with two draws for \$75.9 million occurring during the quarter. The local ARPA fund balance is \$3.0 million. This account has been with the state's banking partner, JP Morgan Chase.

Banking Subcommittee Report

- **General and Local Banking Projects Discussion and Vote**

- **General Banking Project Update**

The OST Concentration account at PNC Bank is on track to close by December 31st. PHRST is currently testing their child support withholding file with JPMC. This is the final transaction process at PNC Bank for the General Banking accounts.

- **Local Banking Project Update**

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 requirement of 180 days some bank accounts will remain open going into calendar year 2024. During the November 8th Banking Subcommittee, recommendation was made to approve a one-year extension of the PNC Bank contract.

A motion was made by Ms. Miller and seconded by Mr. Engle to approve an extension of the PNC Bank contract until December 31, 2024.

MOTION ADOPTED UNANIMOUSLY

- **Outside Bank Accounts Discussion**

- **Legacy Accounts**

The Legacy banking accounts (Fidelity Bond Proceeds, Fidelity Restricted Accounts, Wilmington Trust Bond Escrow) will be addressed during an upcoming meeting with the bond officers (since a bond issuance is imminent). OST being the issue back to the CMPB.

- **Local Banking Accounts**

As it relates to state agencies and school districts, we have identified three school districts that have concerns about transitioning to the state's contractual banking partners.

1. Capital School District (Del-One Student Banking Program)
2. Laurel School District (Bank of Delmarva)
3. Polytech School District (Shore United)

Since the November Banking Subcommittee, progress has been made with all three accounts. OST will continue to apprise the Banking Subcommittee and the full Board of any new updates.

- **Delaware Capital Access Program (“DCAP”) Exception Discussion**

Mr. Seemans gave a brief overview of the DCAP program and request to open a reserve account with prospective participating lender, Del-One. The Subcommittee heard a presentation about DCAP from Andrew Harton and Regina Mitchell with the Division of Small Business. After discussion, the Subcommittee asked for additional information to be reviewed and requested Mr. Staib’s opinion as to whether the proposed reserve account is subject to Board oversight. Mr. Staib has provided OST with a written legal opinion and presented his conclusion and high-level rationale to the full Board. Mr. Staib addressed questions raised. Mr. Seemans invited discussion about how the proposed arrangement could be approved in the near term.

- **Banking Contract Extensions Discussion and Vote**

- **CampusGuard Contract Extension and Vote**

The CampusGuard contract is set to expire on February 29, 2024. A one-year optional term remains on the contract. OST would like to continue the partnership with CampusGuard for an additional one-year term, which would extend the contract through February 28, 2025. The Banking Subcommittee made the recommendation to the Board to extend the CampusGuard contract.

A motion was made by Mr. Engle and seconded by Ms. Miller to extend the CampusGuard contract for an additional one-year term with an expiration date of February 28, 2025.

MOTION ADOPTED UNANIMOUSLY

- **Govolution Contract Extension Discussion and Vote**

The Govolution contract is set to expire on December 31, 2023. The contract has one additional six-month extension remaining until June 30, 2024. During the June 7th Full Board meeting, a vote was made to extend the contract until June 30, 2025. OST has indicated that the migration of the services from Govolution to Fiserv may extend past June 30, 2025. Furthermore, OST is requesting authority to negotiate two additional six-month terms, which, if executed, would have the contract expire on June 30, 2026. The Banking subcommittee made the recommendation to the board to approve the Govolution contract extension.

A motion was made by Mr. Engle and seconded by Ms. Miller to authorize OST to extend the contract with Govolution via six-month term extensions through June 30, 2026.

MOTION ADOPTED UNANIMOUSLY

- **US Bank Contract Extension Discussion and Vote**

The U.S. Bank contract is set to expire on March 5, 2024. The contract has one additional two-year term extension available. OST would like to exercise the last two-year extension

with U.S. Bank, extending the contract until March 5, 2026. The Banking Subcommittee made a motion to recommend approval of the extension.

A motion was made by Mr. Engle and seconded by Ms. Miller to authorize OST to enter into the final extension with US Bank.

MOTION ADOPTED UNANIMOUSLY

- **Merchant Services and Payment Card Industry Data Security Standards (“PCI-DSS”) Compliance Discussion**

- **Fiserv Migration Project Update**

Progress is continuing with the 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-DSS Compliance Project Update**

The second round of merchant site-visits were held the week of October 2nd. These merchant site-visits help OST and CampusGuard better understand the merchant environment.

Merchant self-assessment questionnaires (SAQ) workshops began November 30th. Merchants must attest on an annual basis to their respective SAQ.

- **Digital Government Project Update**

The design of a resident and visitor portal, which includes the payment infrastructure provided by OST, is progressing with an anticipated start date of March 2024.

- **Annual Report**

The purpose of the Annual Report is to share with the Governor and members of the General Assembly an overview of the sound fiscal stewardship the Cash Management Policy Board provides to the State.

A motion was made by Treasurer Davis and seconded by Secretary Geisenberger to approve and adopt the Fiscal Year 2023 Annual Report.

MOTION ADOPTED UNANIMOUSLY

- **Review of 2024 and 2025 Calendar Dates**

The 2024 and 2025 Investment, Banking, and Full Board Meeting Calendars have been provided. Calendar invites for the 2024 and 2025 calendar years will be sent prior to year-end.

- **Other Matters of the Board**

None

- **Public Comment**

- **Executive Session**

None scheduled

- **Next Meetings**

- The next full Board meeting is scheduled for March 13, 2024
- The next Investment Subcommittee meeting is scheduled for February 7, 2024
- The next Banking Subcommittee meeting is scheduled for February 14, 2024

The meeting of the Cash Management Policy Board held on December 13, 2023, was adjourned at 11:07 a.m.

Respectfully submitted,

Warren C. Engle
Board Chair

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