



**MINUTES FROM MEETING OF  
THE CASH MANAGEMENT POLICY BOARD  
September 11, 2024**

A meeting of the Cash Management Policy Board (the “Board” or CMPB) was held on September 11, 2024, at 10:00 a.m. in the DuPont Room of Buena Vista, 661 South DuPont Highway, New Castle, DE 19720. Board members and members of the public were able to participate in person or virtual using the provided dial in information.

**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. Daniel Madrid, Deputy Director of GEAR, designee of the Secretary of Finance  
Ms. Ruth Ann Miller, Controller General  
Mr. Leland Sylver, Banking Subcommittee Vice Chair  
Mr. Stephen Marvin, Investment Subcommittee Vice Chair  
Mr. Mike Karia, Investment Subcommittee Chair

**Not in Attendance:**

Mr. Jeffrey Bullock, Secretary, Department of State  
Mr. Kevin Leonard, NEPC

**Others in Attendance:**

Mr. Jordan Seemans, Deputy Treasurer, Office of State Treasurer (“OST”)  
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice (“DOJ”)  
Ms. Khairat Makanjuola, Chief Operating Officer, OST  
Ms. Fiah M. Kwesseu, Director of Operations & Fund Management, OST  
Ms. Antonia Kramer, Cash Manager, OST  
Mr. Vivek Maharaj, Merchant Services Program Manager, OST  
Mr. Brennon Fountain, Director of Reconciliations and Transaction Management, OST  
Ms. Priyanshi “Priya” Vaidya, Accounting Specialist, OST  
Ms. Ninna Vaughn, Executive Assistant, OST  
Ms. Jennifer Appel, NEPC  
Mr. Jonovan Sackey, NEPC

Mr. Brent Hobby, CampusGuard

Mr. Andrew Starobynski, EDL Technology Manager, Department of Technology & Information

## **CALLED TO ORDER**

Mr. Engle called the meeting to order at 10:02 a.m. A quorum was established.

## **INTRODUCTION**

Mr. Seemans introduced Antonia Kramer, as the dual incumbent successor for Steve's position due to his retirement. He also introduced Ninna Vaughn as the new Executive Assistant, who will be replacing Priya Vaidya for CMPB related tasks.

## **APPROVAL OF THE MINUTES**

A MOTION was made by Ms. Miller and seconded by Mr. Sylver to approve minutes from the Board meeting on June 12, 2024

## **MOTION ADOPTED UNANIMOUSLY**

## **INVESTMENT SUBCOMMITTEE REPORT**

### **Presentation and Discussion of the 2024 1st Quarter Investment Performance Report**

Ms. Appel gave an overview of the current market situation with anticipation of Federal interest rate decisions. Mr. Sackey presented the Board with an overview of the State's portfolio performance for the 2nd Quarter 2024. The State's consolidated balance is \$6.9 billion including ARPA funds, with liquidity and reserve portfolio balances accounting for \$6.3 billion. NEPC reviewed specific month, quarter, fiscal year and year-to-date performance metrics in comparison to benchmarks for all investment managers.

### **Discussion and potential vote on:**

- **School and Special Fund Calculation Rate**

Ms. Appel provided a summary of the annual review of the method of calculating the School and Special Fund (SSF) rates. The changes in the SSF rate are calculated using a trailing 9-month rolling average return on the State's liquidity portfolio. Usually, during a volatile period, rate caps and rate floors are applied. There has been some volatility over the last couple of years. This isn't immediately evident in current rates due to the impact of the lag that's inherent in using a rolling 9-month average as the basis of the calculation. NEPC is not recommending a change to the calculation methodology.

- **Investment Guideline & Investment Manager Benchmark**

- **Liquidity & Reserve Manager Due Diligence Memo**

Mr. Sackey presented the due diligence memo that was compiled after meetings with all the managers. These meetings included a discussion of absolute relative performance, current market views, and current guideline changes. Each manager was asked if the current guidelines were restrictive in any way. Many managers requested some changes. There were some changes that NEPC did not recommend because they add higher risk to the portfolio. NEPC recommended:

- Lifting the Private Placement (144a) security limit from 25% to 30% to benefit from areas that have significant issuance levels such as commercial paper programs.
- Increasing the two-year average life limit on ABS products, as funds will still be managed to the duration of the benchmark.
- Allowing the purchase of securities with duration up to 11 years, as this expands the investable opportunity set and the portfolio will still be managed to the benchmark duration.

A MOTION to direct OST to work with the assigned Deputy Attorney General to change the Investment Guidelines by (a) increasing the Private Placement (144a) security limit from 25% to 30%, (b) increasing the two-year average life limit on ABS products to 2.5years, and (c) allowing the purchase of securities with duration up to 11 years was made by Treasurer Davis and seconded by Mr. Marvin.

**MOTION ADOPTED UNANIMOUSLY**

- **Endowment Manager Due Diligence Memo**

NEPC summarized the endowment manager due diligence memo based on meetings with each manager. Endowment managers are balanced in investing across both global equities and fixed income. SEI aims to consolidate the emerging market equity fund and global exposure. SEI is also seeking to get a slightly higher expected rate of return without an increase in overall risk or change in fee structure. Mercer proposed slight adjustments regarding target weights within the equity portfolio relative to the benchmarks as the portfolio is based on the MSCI World Index. NEPC has indicated that these changes do not materially increase portfolio risk and are permitted by current guidelines. No vote necessary.

### **Endowment Accounts Discussion**

Ms. Makanjuola discussed the memo explaining the history of the endowment portfolio. Secretary Geisenberger previously requested information about participants and participant withdrawal activity and contributions. The memo highlights the background of DNREC's primary endowment funds, which consist of the Land and Water (L&W) account and 21<sup>st</sup> Century Parks Endowment account. These funds were originally invested with the purpose of maintaining principal balances

in fixed income strategies but were later expanded to include exposure to equity strategies. In 2018, after recommendations from the State's Division of Accounting and Auditor of Accounts, Woodbridge and Smyrna school districts were permitted to invest scholarship funds in the endowment portfolio. The end of the memo discusses inflows and outflows of each school district. Smyrna has only contributed while Woodbridge draws about 6 times on average a year.

The Subcommittee had requested a legal opinion from Mr. Staib regarding the Board's authority relating to funds held by state agencies/school districts that are derived from private donations. Mr. Staib is working with OST on this and will provide the memo at a future meeting.

Ms. Mankanjuola indicated that, prior to expanding participation in the endowment fund, OST would first need to determine whether additional resources would be needed given that processing scholarships takes significant time.

### **Discussion On PFMAM Request for Client Consent to Change Registered Investment Advisor**

Mr. Staib discussed PFM Asset Management's request for the Board's consent to the consolidation of PFMAM into USBAM and associated change of registered advisor status. From December 7, 2021, to present, PFMAM has been operating as a wholly owned subsidiary of USBAM. There previously was a deemed assignment of the Professional Services Agreement with PFMAM (PSA) due to a change in control. USBAM and PFMAM are presently separate legal entities and maintain separate registrations as investment advisers with the U.S. Securities and Exchange Commission (SEC). After the consolidation, USBAM will be the legal entity responsible under the PSA and the registered investment adviser that will serve PFMAM clients moving forward. DAG Staib indicated that prior issues with the proposed consent form have been resolved and he is satisfied with the new form.

A MOTION to recommend that the full Board approve the Client Consent request was made by Treasurer Davis and seconded by Engle.

**MOTION ADOPTED UNANIMOUSLY**

### **BANKING SUBCOMMITTEE REPORT**

#### **Local Banking Projects Discussion and Update**

Mr. Fountain provided an update on local banking project. There are 31 accounts that belong to agencies/school districts that require account close with PNC. OST is working diligently as a group to ensure that the over-the-counter banking services are transitioning over from Citizens Bank to the contractual local and general bank selected by each state agency and local school district. The team is dedicated to making sure this project is completed within the next 2-3 months in an effort to provide consolidation and efficiency within the contractual banking services being rendered.

Mr. Fountain and Ms. Kwesseu have been working with Division of Revenue for creating a new Office of Marijuana Commissioner bank account under M & T bank.

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

Mr. Maharaj provided the following updates on the Merchant services and PCI-DSS compliance:

- **Fiserv Migration Project Update**

OST continues to make progress 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 was contingent upon the creation of the digital government payment portal (GoDE). The GoDE ecommerce solution became available in April 2024.

OST continues to work with the judiciary (“Courts”) on the migration to Fiserv; however, a recent review of Courts’ merchant environment revealed that their payment card processing is dependent on the Delaware Criminal Justice Information System (“DELJIS”), which currently acts as a service provider for processing credit card payments on behalf of both the State and several local courts. In addition, DELJIS provided notice to OST about necessary programmatic changes (estimated to take 18 months to complete) to existing systems that have not yet begun. OST and Mr. Hobby are working Courts to bring clarity from bigger agencies.

DELJIS must coordinate any changes with its county and municipality customers in addition to the state. Given that local courts are not under OST’s purview, and that Courts is dependent on DELJIS’s migration, Courts is not likely to complete its migration to Fiserv by June 2025. OST is working with CampusGuard and Courts/DELJIS to identify a definitive timeline for completion of this migration and will keep board apprised of progress.

By the next Banking Subcommittee, OST expects to have concrete plan with target dates.

- **PCI-DSS Compliance Project Update**

OST is working with CampusGuard to ensure we are staying on track to attest in December 2024. To date, 794 out of 843 (94%) state employees have completed the required training. From a continuous improvement perspective, OST has requested CampusGuard to create a step by step recorded tutorial. This new tutorial will be shared with all merchant environments who need to complete an SAQ. OST plans to release all SAQs to State merchants for completion via the portal by August 2024. OST will continue to provide guidance for State merchants as this process continues.

Previously, we asked the board to grant authorization to pursue a separate PCI compliance attestation for Courts with Fiserv due to various issues. This was under the assumption that all state agencies' self-assessment questionnaires (SAQ) would be rolled up into one single submission for the state. After discussion with Campus Guard, we determined that a single

roll up of entities' SAQ was not the best approach. Therefore, a separate carve out for Courts is no longer necessary, given that we will submit each agency's SAQ to Fiserv as standalone attestations.

With the recent staff changes, OST is working diligently to hire and onboard new employees to support our PCI deadline of December 31, 2024.

- **Digital Government Project Update**

The design of a resident and visitor portal, which includes the payment infrastructure provided by OST, was launched with a start date of April 2024. OST has confirmed there are 354 applications (ecommerce) environments at Govolution. There are 200 clover devices for in-person transactions of which 27 are pending activation. The Division of Agriculture is the first user of GoDE.

Since the availability of the GoDE solution in April of 2024, there are 42 merchant applications in the Fiserv eCommerce migration queue; 30 of these represent applications from merchants currently using an existing Govolution eCommerce platform. OST will continue to onboard new and existing applications and provide regular updates.

## **Contracts Extensions Discussion**

Ms. Kwesseu provided the following updates on contract extensions:

- **JP Morgan Discussion**

The General Banking contract with JP Morgan has expired on August 18, 2024. OST had one remaining two-year extension available. The new contract expiration is August 18, 2026. OST and Division of Accounting are in discussions about the timing to post these services for Request for Proposal (RFP).

- **Govolution Contract Amendment Discussion and Potential Vote**

The original Govolution contract expired on June 30, 2024.

The Board granted OST the authority to negotiate:

- two six-month extensions to June 30, 2025 (approved on June 7, 2023)
- two six-month extensions to June 30, 2026 (approved on December 13, 2023)
- one six-month extension to December 31, 2026 (approved on June 8, 2024)

OST had a brief discussion with CMPB Board Chair about the possibility of securing another six-month extension to June 30, 2027, if pricing could be the same as prior extensions. Govolution previously proposed an annual maintenance fee for periods beginning on July 1, 2024, of \$155,000 with a 25% increase to that fee with a cap of \$300,000 per annum.

OST successfully negotiated the following contract pricing for approved extension periods. The pricing terms for approved extension periods are as follows:

- July 1, 2024- June 30, 2025- \$135,000
- July 1, 2025 – June 30, 2026 - \$160,000
- July 1, 2026 – December 31, 2026 - \$80,000

The requested memo from Ms. Kwesseu to memorialize the contractual terms negotiated in this contract amendment will be provided during the next round of meetings.

A MOTION was made by Mr. Marvin and seconded by Mr. Sylver to memorialize an additional six-month extension to June 30, 2027, at fixed price of \$80,000.

**MOTION ADOPTED UNANIMOUSLY**

- **Electronic Payment Consulting Services (PCI Consultant) RFP Tentative Timeline Discussion**

The PCI Consultant contract with CampusGuard will expire on February 28, 2025. OST has received a supplemental services opinion from Mr. Staib that supports an additional one-year extension which would set the new contract date to February 28, 2026. OST plans to post the RFP for consulting services in August 2025.

A MOTION was made by Mr. Marvin and seconded by Mr. Engle for authority to negotiate and execute a one-year extension with Campus Guard, with pricing and contract terms to remain the same.

**MOTION ADOPTED UNANIMOUSLY**

**Other Matters of the Board**

Mr. Engle suggested, and the Board concurred in scheduling all CY2025 meetings closer to the quarter end so that all the information is timelier.

**Public Comment**

None

**Executive Session**

None

**Next Meetings**

- The next full Board meeting is scheduled for December 5, 2024.
- The next Investment Subcommittee meeting is scheduled for November 6, 2024.
- The next Banking Subcommittee meeting is scheduled for November 13, 2024.

**ADJOURNMENT**

The meeting was adjourned at 11:32 a.m.

Respectfully submitted,

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Warren C. Engle  
Board Chair