



**MINUTES FROM MEETING OF
THE CASH MANAGEMENT POLICY BOARD
February 26, 2025**

A meeting of the Cash Management Policy Board (the “Board”) was held on February 26, 2025, 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.

Board Members Represented or in Attendance:

Mr. Warren C. Engle, Chair
Mr. Mike Karia, Investment Subcommittee Chair
Mr. Stephen Marvin, Investment Subcommittee Vice-Chair
Mr. Leland Sylver, Banking Subcommittee Vice-Chair
Ms. Colleen C. Davis, State Treasurer
Mr. Michael Smith, Secretary of Finance
Ms. Charuni Patibanda-Sanchez, Secretary Department of State

Not in Attendance:

Ms. Tarrie Miller, Banking Subcommittee Chair
Ms. Ruth Ann Miller, Controller General
Ms. Antonia Kramer, Cash Manager, OST
Mr. Kevin Leonard, NEPC

Others in Attendance:

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

Ms. Jennifer Appel, NEPC
Mr. Jonovan Sackey, NEPC
Mr. Brent Hobby, CampusGuard

CALLED TO ORDER

Mr. Engle called the meeting to order at 10:01 a.m. A quorum was established.

INTRODUCTION

Treasurer Davis introduced the new ex-officio members: Secretary of Finance Michael Smith and Secretary of State Charuni Patibanda-Sanchez. Mr. Seemans followed with introducing new OST staff, Layne Taylor, Director of Policy and Communication, and Andrew Fiorentino, Director of Communication. After introductions, Mr. Seemans initiated roll call. All attendees of the meeting stated their names and titles.

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Karia and seconded by Mr. Engle to approve the minutes from the Board meeting on December 5, 2024.

MOTION ADOPTED UNANIMOUSLY.

INVESTMENT SUBCOMMITTEE REPORT

Presentation and Discussion of the 4th Quarter Performance Report

NEPC provided a review of the 4th Quarter Performance Report. Ms. Appel and Mr. Sackey presented the Board with an overview of the State's portfolio performance for the 4th Quarter of 2024. The State's consolidated balance is \$6.2 billion (including ARPA funds), with liquidity and reserve portfolio balances of \$5.7 billion. Overall, the portfolio has had a strong performance and is likely to be successful for 2025.

Liquidity Managers Benchmark Discussion and Potential Vote

Ms. Makanjuola provided historical knowledge about the liquidity manager benchmark. NEPC analyzed four benchmarks, which included Bloomberg Short Treasury Bills (1-3 Months), Bloomberg 3-Month Treasury Bill, Bloomberg Short Treasury Bills (3-6 Months), and ICE BofA 6-Month Treasury Bill. NEPC recommended the Intercontinental Exchange ("ICE") BofA 6-Month Treasury Bill Index to evaluate the performance of the liquidity portfolio managers. This benchmark best aligns with the historical yield and duration profile of the portfolio. At the February 5, 2025 meeting, the Investment Subcommittee approved NEPC's recommendation.

A MOTION to ratify the Subcommittee's vote for the approval of the ICE Bank of America six-month Treasury Bill index to be utilized as the benchmark for the liquidity portfolio was made by Mr. Sylver and seconded by Mr. Engle

MOTION ADOPTED UNANIMOUSLY

Lazard Reserve Manager Discussion and Potential Vote

Ms. Makanjuola provided historical knowledge about Lazard. Lazard has been under contract with OST since March of 2018. After analyzing historical data, it was determined that Lazard's continuous quarters of underperformance in comparison to the assigned benchmark was worth a conversation with the manager.

Lazard acknowledged specific allocation missteps in the last few years which culminated in an underweighted amount of holdings in corporate credit. They expect to be able to correct this allocation issue over the next year if market movements present the opportunity to do so. i

Ms. Appel presented NEPC's recommendation. NEPC recommended replacing Lazard with a different manager to manage the portfolio. This replacement will occur after the upcoming RFP is completed and contracts are awarded. The goal of the RFP is to award the same number of managers as the current contract, which is four managers. In the meantime, Lazard will continue to manage funds.

OST will continue business with Lazard until 2026, when the new Investment Managers Request for Proposal ("RFP") process is completed.

Investment Guidelines Update

Mr. Seemans submitted the final Implementing Order to the Registrar of Regulation back in December 2024. The implementing order was successfully included in the January 2025 edition of the Register of Regulations.

The Investment Guidelines have been officially changes to:

- Increase the allowable investment limit for private placement securities (Rule 144A securities) in the liquidity portfolio.
- Increase the average life limit on asset-backed securities in the reserve portfolio to 2.5 years.
- Increase the maximum maturity for reserve account securities to 11 years from the date of settlement.

<https://regulations.delaware.gov/register/january2025/final/28%20DE%20Reg%20549%2001-01-25.htm>

Resolution No. 2025-1 Further Amending Investment Architecture for the States Cash Accounts Discussion and Potential Vote

- **Investment Portfolio Allocation Rebalance Timeframe**

Ms. Makanjuola explained that the allocation for OST's investment portfolio is 25% liquidity and 75% reserve. The current Investment Architecture does not clearly outline the timeframe OST has to rebalance the allocation if it falls below the specified percentages. OST recommended that the ISC consider adding language to the document providing a definitive timeframe to rebalance the portfolio. NEPC recommended a timeframe of up to six months to rebalance allocation for ISC consideration.

MOTION to approve to the Full Board rebalancing the investment portfolio timeframe up to six months withdrawn by the Treasurer Collen Davis.

- **Budget Stabilization Fund Location**

Ms. Makanjuola discussed that the budget stabilization fund was created to help the State of Delaware build substantial and accessible cash reserves and manage expected budget deficits without the necessity for major changes for major tax policy changes or budget cuts over the past 6 budget cycles. The purpose of this discussion was to correct a mismatch between the footnotes from “Board Resolution 2023-1, which states that pending further guidance from the Board, the Budget Stabilization Fund shall be held in Liquidity Accounts and distributed among the Liquidity Managers on a pro rata basis”, whereas Section IV of the same resolution document states that the Tier 2 Reserve Account shall include the “Budget Stabilization Fund”. The action to relocate the Fund to liquidity managers coincides with a shift in target allocation between liquidity and reserve managers to an even split of 50%/50%. However, the target allocation between both categories of managers has since shifted to 25%/75% as of June 30, 2023. OST, therefore, needs Board action to formally align the intention of the investment architecture to reflect the appropriate location of the fund. That is, restore the BSF back to a Tier 2 Reserve Manager Account. The current balance of the Fund is \$469.2 million as of July 1, 2024, per the FY 2025 Budget Stabilization memo provided by the State’s Department of Finance.

MOTION to approve restoring the BSF back to a Tier 2 Reserve Manager Account was withdrawn in conjunction with the investment portfolio allocation rebalance timeframe.

Investment Managers Contracts Discussion and Potential Vote

Ms. Kwessey provided updates regarding the Investment Manager contracts. These contracts will expire on January 31, 2026. OST has received a supplemental services opinion from DAG that supports an additional one-year extension, which would set the new contract date to January 31, 2027, with plans to post the RFP in March 2026.

MOTION for authority to negotiate and execute a one-year extension with Investment Managers, with the intention to keep pricing and contract terms the same for this amendment was made by Mr. Karia and seconded by Mr. Slyver.

Endowment Managers Research & Legal Opinion Discussion

Ms. Makanjuola provided historical information about the endowment research. Questions were posed as to whether the Board can permit investments in equities and whether it has oversight responsibility for donations made directly to school districts and other State entities. Mr. Staib confirmed that the Board has statutory authority to permit investments in equities. The Board also has authority over (and responsibility for) donations made directly to school districts and most other State entities, irrespective of use restrictions. Unless held in a Board-approved bank or brokerage account opened under the State’s EIN, such authority and duties likely would not extend to donations made directly to State entities with separate banking and investment authority, or donations made directly to independent foundations that support school districts through fundraising campaigns.

OST will refine the policy that'll define the eligibility of state entities who wish to participate in the Endowment portfolio and provide updates at a future Investment Subcommittee meeting.

BANKING SUBCOMMITTEE REPORT

Local Banking Waiver Discussion and Potential Vote for the Delaware Veterans Home (“Home”) RFMS, DHSS WIC (“WIC”), and Delaware Technical Community College (“DTCC”) Accounts Held at PNC Bank Projects

Ms. Makanjuola discussed the three local banking waivers requested by DVH, DHSS, and DTCC.

DVH (“Home”):

The Home uses a vendor, National Datacare, to manage resident funds. National Datacare’s Resident Fund Management must be implemented through a partner bank in its network. PNC is the only bank in the RFMS’s network that has a location in Milford, DE. To allow for continuity of operations and the providing of services to veterans, the Home requested a one-year waiver, which will allow them, with the help from OST, to explore the possibility of switching to a State-approved banking partner that is in RFMS’s network.

WIC:

WIC program established a new account with M&T for the WIC participant food redemptions. However, they are at a standstill until after January 2, 2025, due to the annual bank freeze on testing. DHSS requested a waiver to delay the use of the new account until mid-February to allow for sufficient testing of the new account and ensure all food redemptions by our WIC families are processed smoothly and provide no disruptions to WIC families and WIC food vendors.

DTCC:

DTCC requested a 6-month waiver to allow continuity of operations related to fundraising events with PNC Bank for two existing accounts. The accounts DTCC requested a waiver for are State of Delaware, DTCC, Owens Campus Internal Fund Government Checking Account and State of Delaware, Stanton Campus Internal Fund Business Checking Account.

MOTION to approve a banking waiver for the Delaware Veterans Home to allow the continuance of business operations and services to veterans for one year was made by Mr. Engle and seconded by Treasurer Davis.

MOTION to approve a banking waiver for the DHSS WIC program to delay the use of the new M&T account until the end of February, allowing sufficient time for testing and ensuring all food redemptions are processed efficiently, was made by Mr. Engle and seconded by Treasurer Davis.

MOTION to approve a banking waiver for DTCC to allow continuity of operations related to fundraising events for a 6-month period was made by Mr. Engle and seconded by Treasurer Davis.

MOTION to allow OST to approve waivers for up to six months after the date of request was withdrawn by the Chair, Mr. Engle.

MOTIONS ADOPTED UNANIMOUSLY

Local Banking Projects Discussion

Ms. Makanjuola discussed the local banking updates. As of the end of December 2024, it was reported that there were seventeen (17) PNC bank accounts representing over \$700K that belong to entities that have transitioned to a contractual bank within the State of Delaware; however, these bank accounts identified with PNC still do not have a zero balance to close the account fully. The OST team has remained in constant communication with these remaining state agencies and local school districts and have been advised that nine (9) of the seventeen (17) accounts will require a request waiver to the Cash Management Policy Board to provide additional to close these accounts. These agencies and school districts represented by bank accounts with PNC bank are Delaware Technical Community College five (5) accounts, Department of State three (3) accounts, and Department of Health and Social Services one (1) account.

In addition to the local banking project, the OST team continues to work with state agencies and local school districts to ensure that their over-the-counter banking needs are being met and consolidated (when conducive) to maintain continuity between their daily operations and over-the-counter banking needs. This over-the-counter banking process is working hand in hand with the local banking project with an expected execution date of March 2025.

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

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

- **Fiserv Migration Project Update**

OST continues to migrate merchants to Fiserv payment gateway and processing services. Currently, OST is working to determine an appropriate end date based on the pending merchants and their infrastructure allowance to complete the migration.

OST, CampusGuard and Courts/DELJIS are working together to identify a definitive timeline for completion of this migration and will keep the Committee apprised of progress. DELJIS provided notice to OST about necessary programmatic changes (estimated to take 18 months to complete) to existing systems that have not yet begun. Courts are working with OST and CampusGuard on a PCI-DSS solution for accepting payments.

- **PCI-DSS Compliance Project Update**

As of December 31, 2024, OST and CampusGuard has released 100% of the State’s SAQs to the merchants for completion. The CampusGuard portal reflects 98.37% completed and PCI compliant. The remaining non-compliant merchants were the Judicial and DELJIS. OST submitted a request for an extension until December 31, 2026, as the agency is in the process of updating their legacy system to better comply with PCI standards. Also, the Department of Transportation has completed all but four SAQs, and efforts are underway to complete and solidify their compliant status. The outcome has improved due to the step-by-step recorded tutorial created by OST in conjunction with CampusGuard, which is available on OST’s website. This new tutorial was shared with all merchant environments to help the SAQ completions. We will continue to provide guidance for State merchants as this process continues.

PCI training shows 1,223 of 1,334 (92%) state employees have completed the required training. OST will provide regular updates to the CMPB Full Board meeting regarding the corresponding percentages.

- **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 210 merchant e-commerce environments at Govolution. There are 256 Clover devices for in-person transactions, of which 46 are pending activation; the 46 devices are new devices recently ordered in December 2024. Below is a listing of pending clover devices by agency for training and connectivity:

PENDING ACTIVATION	46
DELTECH	22
SUSSEX COUNTY VO TECH	2
CHARTER SCHOOL OF WILMINGTON	1
NEW CASTLE COUNTY VO TECH	3
DNREC FISH AND WILDLIFE	6
DHSS	12

Since the availability of the GoDE solution in September of 2024, there are 63 active applications in the Fiserv ecommerce migration queue; 39 of these represent existing Govolution applications. OST will continue to onboard new and existing applications and provide regular updates.

Banking Services RFP Timelines Discussion and Update

Ms. Kwesseu provided RFP timeline updates for the following contracts:

- **Electronic Payment Consulting Services (PCI Consultant) Contract Discussion and Update**

The PCI Consultant contract with CampusGuard consists of vendor portal storage for SAQs and documents, PCI offsite and onsite consulting, quarterly external and internal scans, hosting annual online training, PCI staff training, and two onsite visits per year. The current contract expires on February 28, 2026.

- **General Banking Contract Discussion and Update**

The general banking services contract consists of banking services handling collections and disbursements (both check and electronic), lockbox processing services, purchasing/virtual card & ePayables (PCard Program, Division of Accounting), prepaid debit card, and check printing services.

- The JP Morgan contract for general banking services and PCard expires on December 31, 2025, and August 19, 2026.
- The US Bank contract expires on March 5, 2026.

OST will keep the board updated on the progress of each RFP.

Other Matters of the Board

None

Public Comment

None

Executive Session

None

Next Meetings

- The next full Board meeting is scheduled for June 4, 2025, at Tatnall Building - 150 Martin Luther King Blvd, Dover, DE 19901.
- The next Investment Subcommittee meeting is scheduled for May 7, 2025.
- The next Banking Subcommittee meeting is scheduled for May 14, 2025.

ADJOURNMENT

The meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Warren C. Engle
Board Chair