



Kenneth A. Simpler  
State Treasurer

TEL: 302.672.6700  
FAX: 302.739.2274

**MINUTES FROM THE MEETING OF  
THE CASH MANAGEMENT POLICY BOARD  
FEBRUARY 22, 2017**

A meeting of the Cash Management Policy Board (the “Board”) was held on February 22, 2017 at 10:00 a.m. in the main conference room of the Office of the State Treasurer (“OST”), located at 820 Silver Lake Blvd., Suite 100, Dover, Delaware

Board Members Represented or in Attendance:

Mr. John Flynn, Chair (Telephonically)  
Mr. Dave Marvin, Chair, Investment Subcommittee (Telephonically)  
Mr. Mike Karia, Co-Chair, Investment Subcommittee (Telephonically)  
The Honorable Kenneth Simpler, State Treasurer (Telephonically)  
Mr. Michael Morton, Controller General (Telephonically)  
Mr. Richard Geisenberger, Secretary, Department of Finance

Board Members Not Represented or in Attendance:

Mr. Warren Engle, Chair, Banking Subcommittee  
Ms. Lynda Messick, Co-Chair, Banking Subcommittee  
Mr. Jeffrey Bullock, Secretary, Department of State

Others in Attendance:

Ms. Jason Staib, Deputy Attorney General, OST (Telephonically)  
Mr. Stephen McVay, Director of Investments and Cash Management, OST  
Mr. James DiDonato, Manager of Banking Services, OST  
Ms. Susan Steward, Policy Advisor, OST  
Ms. Jessie Ryan, Administrative Specialist, OST  
Mr. John Krimmel, NEPC, LLC, Investment Consultant (Telephonically)

**CALLED TO ORDER**

The meeting to order at 10:02 AM.

**APPROVAL OF MINUTES**

**A MOTION was made by Mr. Flynn to approve the minutes from the Board meeting on November 16, 2016.**

**MOTION ADOPTED UNANIMOUSLY.**

## **NEPC REVIEW**

Mr. Krimmel reviewed the quarterly investment performance report (as of 12/31/16) with the Board. Mr. Krimmel stated that the Liquidity portfolio out-performed the benchmark by 12 basis points for the quarter (20 basis points for the year), while managers also protected against rising interest rates. He explained that the Reserve and Operating portfolios were up 1.4% for the one-year period (adding 25 basis points in excess return). As to the Land and Water portfolio, Mr. Krimmel noted that, collectively for the year, the portfolio was up 6.6% (adding 90 basis points in excess return). All three of the portfolios out-performed their respective benchmarks for both the quarter and year.

## **DIRECTOR'S REPORT**

### *Special Counsel Update*

Mr. McVay updated the Board on the special counsel RFP and reported the two selected vendors were Foley & Lardner and Clark-Hill. The Treasurer assured the Board that Mr. Staib is tasked with overseeing both outside counsels to ensure that the scope of services for each engagement is clearly communicated, a timeline for the delivery of the final work product is specified and done within a pre-determined cost estimate.

### *CMPB Annual Report*

Mr. McVay communicated to the Board that the annual report may not be serving the purpose intended by the General Assembly, and that a condensed version may be more appropriate. Secretary Geisenberger agreed that the production of the annual reports for agencies is extensive and if there is a way to utilize information which has already been circulated, that may help cut down on the length of the report.

### *New Legislation*

Mr. McVay made the Board aware of possible legislation that would require appointed Board members to submit annual financial disclosure. Controller General Morton indicated that no legislation had yet been officially introduced, and that he would advise the Board of any status change.

Mr. Staib noted the legislation would change the code of conduct rules for appointed Board members, making them State Officials rather than Honorary Officials.

## **INVESTMENT SUBCOMMITTEE**

### *Subcommittee Vacancy*

Mr. McVay cited the current vacancy on the Investment Subcommittee and stated that Secretary Geisenberger agreed to serve as a member on the Investment Subcommittee.

**A MOTION was made by Mr. Karia and seconded by Mr. Flynn to appointment Secretary Geisenberger as member of the Board's Investment Subcommittee.**

**MOTION ADOPTED UNANIMOUSLY.**

### *Wells Fargo Investment Manager Contract Extension*

Mr. McVay reminded the Board that all of the fixed income investment manager agreements were extended through 2018, except for Wells Fargo. The decision was made to delay extending this contract because of negative press regarding Wells Fargo's business practices and the possible impact on

Delaware residents. After additional research and evaluation, OST recommended extending Wells Fargo's contract to May of 2018.

**A MOTION was made by Mr. Marvin and seconded by Mr. Karia to extend the Wells Fargo investment manager contract to May 2018.**

**MOTION ADOPTED UNANIMOUSLY**

## **BANKING SUBCOMMITTEE**

### *Subcommittee Vacancy*

Mr. McVay noted two current vacancies on the Banking Subcommittee and explained that Ms. Messick agreed to serve as co-chair and Secretary Geisenberger agreed to serve as a member of the Banking Subcommittee.

**A MOTION was made by Mr. Flynn and seconded by Mr. Karia to appoint Ms. Messick as co-chair and Secretary Geisenberger as a member of the Banking Subcommittee.**

**MOTION ADOPTED UNANIMOUSLY.**

### *EPX Contract Extension and Resolution*

Mr. McVay explained OST is working with Bank of America Merchant Services to determine a completion date for the merchant services transition from EPX. Mr. McVay indicated that the delay in transition required an extension of the existing merchant services agreement with EPX (which contract expires in May 2017).

**A MOTION was made by Mr. Flynn and seconded by Mr. Marvin to authorize OST to negotiate an extension/transition agreement with EPX.**

**MOTION ADOPTED UNANIMOUSLY.**

## **TREASURER'S REPORT**

### *Discussion of Collateralization*

Treasurer Simpler communicated to the Board that Foley & Lardner is working on a collateralization memo. He went on to note that there is now an agreement in place with Bank of New York Mellon which mitigates our intra-day exposure.

### *Discussion of Banking Consultant RFP*

Treasurer Simpler explained to the Board that the banking consultant RFP was published in January 2017 and will close at the end of February 2017. He noted it would be ideal to have a consultant in place prior to the next full Board meeting, which may require a special telephonic meeting. Treasurer Simpler expressed optimism that the consultant will have recommendations by the August 2017 Board meeting, and that OST would develop a scope of services for the banking architecture RFP by late fall.

## **NEW BUSINESS**

### *Reschedule November Full Board Meeting*

Mr. McVay noted the November 2017 full Board was rescheduled due to the Thanksgiving holiday. The new meeting date is November 15, 2017.

**PUBLIC COMMENTS**

No members of the public present for comment.

**NEXT MEETING**

The next Banking Subcommittee meeting will be May 3, 2017. The next Investment Subcommittee will be May 10, 2017. The next full Board meeting will take place on May 24, 2017.

**ADJOURNMENT**

**A MOTION was made by Mr. Karia to adjourn the meeting at 11:12 a.m.**

**MOTION ADOPTED UNANIMOUSLY.**

Respectfully submitted,

---

John Flynn  
Chair, Cash Management Policy Board