



Kenneth A. Simpler
State Treasurer

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**MINUTES FROM THE MEETING OF
THE CASH MANAGEMENT POLICY BOARD
JULY 13, 2017**

A meeting of the Cash Management Policy Board (the “Board”) was held on July 13, 2017 at 1:30 p.m., in the main conference room of the Office of the State Treasurer (“OST”), located at 820 Silver Lake Blvd, Suite 100, Dover, Delaware.

Members in Represented or in Attendance:

Mr. John Flynn, Board Chair
Mr. Warren Engle, Chair, Banking Subcommittee
Mr. Mike Karia, Co-Chair, Investment Subcommittee
Ms. Lynda Messick, Co-Chair, Banking Subcommittee
The Honorable Kenneth Simpler, State Treasurer
Mr. Michael Morton, Controller General

Members Not Represented or in Attendance:

Mr. Dave Marvin, Chair, Investment Subcommittee
Mr. Jeffrey Bullock, Secretary, Department of State
Mr. Rick Geisenberger, Secretary, Department of Finance

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. Stephen McVay, Cash Manager, OST
Ms. Karen Morton, Debt Manager, OST
Ms. Susan Steward, Policy Advisor, OST
Mr. John Krimmel, Partner, NEPC

CALLED TO ORDER

Mr. Flynn called the meeting to order at 1:30 p.m.

SCHOOL AND SPECIAL FUND INTEREST RATE APPROVAL

Mr. Flynn stated that the purpose of the meeting is to discuss the school and special funds interest rate methodology as proposed at the May 23 Board meeting. At the May 23 meeting, the Board requested additional information from OST on the potential impact of the proposed change in rate for school and special funds on the overall interest income earned from the State’s investment portfolio. OST provided a memo to the Board on June 15, 2017 with information on the duration of the funds and overall portfolio impact as a result of the proposed recommendation for FY18.

Mr. Flynn queried the Board if there were any additional questions at this time for Treasurer Simpler. Treasurer Simpler welcomed any further questions from the Board, and staff was present to provide additional feedback.

Mr. Engle stated that the proposed rate as an effort to pay a fair and equitable rate to school and special funds based on the duration of these funds as a share of the portfolio. Additionally, the change will prevent the potential for negative arbitrage due to shifts in different segments along the yield curve.

A MOTION was made by Mr. Engle and seconded by Mr. Karia to set the FY18 interest rate paid on school and special funds based on the ratio of the yields of 6-month U.S. Treasuries and 2-year Treasuries multiplied by the total portfolio yield (excluding the Land and Water accounts), which rate will be reset annually by the Board.
MOTION ADOPTED UNANIMOUSLY

NEW BUSINESS

No new business

PUBLIC COMMENTS

No members of the public present.

NEXT MEETING

The next meeting of the Board is scheduled for August 23, 2017.

ADJOURNMENT

A MOTION was made by Mr. Flynn to adjourn the meeting of the Board at 1:38 p.m.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

John Flynn
Chair, Cash Management Policy Board