



**MINUTES FROM MEETING OF BANKING SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
AUGUST 8, 2018**

A meeting of the Banking Subcommittee (“Subcommittee”) of the Cash Management Policy Board (“Board”) was held on August 8, 2018 at 10:00 a.m. in the main conference room of the Office of the State Treasurer (“OST”), 820 Silver Lake Blvd., Suite 100, Dover, Delaware.

Subcommittee Members Represented or in Attendance:

Mr. Warren Engle, Subcommittee Co-Chair

Ms. Stephanie Scola, Director of Bond Finance, Department of Finance (on behalf of Mr. Richard Geisenberger)

Ms. Nora Gonzalez, Deputy State Treasurer, OST (on behalf of The Honorable Kenneth Simpler, State Treasurer)

Subcommittee Members Not Represented or in Attendance:

Mr. John Flynn, Board Chair

Ms. Lynda Messick, Subcommittee Co-Chair

Others in Attendance:

Mr. Josh Berkow, Director of Debt and Cash Management, OST

Mr. Todd Feeley, Merchant Services Program Manager, OST

Ms. Liza Druck, Policy Advisor, OST

Ms. Emily Barr, Bank of America Merchant Services

Mr. Rodney Curl, Bank of America Merchant Services

CALLED TO ORDER

Mr. Engle called the meeting to order at 10:02 a.m.

APPROVAL OF MEETING MINUTES

A MOTION was made by Ms. Scola and seconded by Ms. Gonzalez to approve the minutes of the May 9, 2018 meeting.

MOTION ADOPTED UNANIMOUSLY

MERCHANT SERVICES IMPLEMENTATION UPDATE

Payment Card Industry Compliance (PCI)

Mr. Feeley introduced the work that Bank of America Merchant Services (BAMS) has done to remedy the State’s PCI non-compliance issues. BAMS worked to move the State from the PCI classification as a Level 2 processor to a Level 4 processor, which will eliminate the PCI non-compliance fees going

forward. BAMS also assisted the State in procuring a waiver of previously assessed non-compliance fees.

Mr. Curl, of BAMS, provided the Subcommittee with a presentation on PCI Data Security Standards (PCI DSS). PCI DSS are industry-wide requirements established by the Payment Card Industry Security Standards Council and enforced by the Card Organizations to protect cardholder account data. There are four levels of PCI DSS, which are determined by transaction volumes. The State had previously been categorized by Visa as a Level 2 processor, processing one to six million transactions annually, prior to the advent of the BAMS contract. BAMS and OST were able to successfully reach an agreement with Visa, that the State's 18 agencies should be regarded as 18 isolated Level 4 providers, all processing one million transactions or less, rather than one large Level 2 provider.

Deployment of Equipment

Ms. Barr, of BAMS, reviewed the equipment solutions that BAMS recommends to ensure data security and Level 4 compliance at all State agencies. Ms. Barr informed the Subcommittee of some of the challenges with the State's current gateway provider and offered possible alternatives. Additionally, Ms. Barr detailed potential costs associated with these solutions.

Merchant Services Update

Ms. Gonzalez reported on some of the challenges of wrapping up the merchant services implementation project, which have delayed the start of a critical review of the implementation project. OST has prepared a questionnaire to solicit agency feedback but will wait to distribute it until all of the equipment deployment issues have been resolved.

BANKING STRUCTURE REVIEW PROJECT UPDATE

RFP Status Update

Mr. Berkow provided an update on the RFP process for the Banking Structure Review project. The RFP was published on June 13, 2018. A pre-proposal conference was held on July 10, 2018. The State received proposals from 12 banks in total, consisting of nine submissions for general banking, ten for purchasing card, nine for lockbox, nine for check printing, and three for stored value cards. OST reached out to agencies to assemble a review committee, including stakeholders and subject matter experts. OST intends to notify finalists in early September and begin finalist presentations shortly thereafter. Based on the current project schedule, the goal is to present contracts for approval at the November 2018 Board meeting. The Subcommittee requested to attend the finalist presentations in September.

ACTION ITEMS

Vote on recommendation regarding OST authority to negotiate extensions (through transition) of existing banking services contracts and the banking consultant contract.

Mr. Berkow informed the Subcommittee of banking services contracts, which would need to be extended until the banking services transition is complete. Several contracts have automatic renewals and extension options that can be exercised, while several contracts will need to have extensions negotiated.

A MOTION was made by Ms. Scola and seconded by Mr. Engle to recommend to the Board that OST be granted authority to negotiate extensions (through transition) of existing banking services. MOTION ADOPTED UNANIMOUSLY

PUBLIC COMMENTS

No members of the public present for comment.

NEXT MEETING

The next meeting is scheduled for November 14, 2018.

ADJOURNMENT

A MOTION was made by Ms. Gonzalez and seconded by Mr. Engle to adjourn the meeting at 10:42 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Warren Engle
Chair, Banking Subcommittee

Lynda Messick
Co-Chair, Banking Subcommittee