



**MINUTES FROM THE BANKING SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
May 13, 2020**

A meeting of the Banking Subcommittee (the “Subcommittee”) of the Cash Management Policy Board (the “Board”) was held on May 13, 2020 at 10:00 a.m. Pursuant to paragraph 5 of Governor Carney’s Emergency Order dated March 12, 2020 the meeting was held telephonically, without a physical location.

Subcommittee Members Represented or in Attendance:

Ms. Tarrie Miller, Subcommittee
The Honorable Colleen Davis, State Treasurer
Mr. Rick Geisenberger, Secretary, Department of Finance

Subcommittee Members Not Represented or in Attendance:

Mr. John Flynn, Board Chair
Mr. Warren Engle, Subcommittee Chair

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Ms. Liza Druck Davis, Deputy State Treasurer, Office of the State Treasurer (“OST”)
Mr. Daniel Madrid, Chief Operating Officer, OST
Ms. Fiah Kwesseu, Director of Operations & Fund Management, OST
Ms. Lisa Embert, Director of Reconciliations, OST
Mr. Brennon Fountain, Controller II, OST
Ms. Dawn Davis, Assistant Debt and Cash Manager, OST
Mr. Todd Feeley, Banking Services Implementation Manager, OST
Mr. Sean McNeeley, Director of Bond Finance, Department of Finance

CALLED TO ORDER

Ms. Miller called the meeting to order at 10:03 a.m.

INTRODUCTIONS

Secretary Geisenberger introduced Sean McNeeley as the new Director of Bond Finance for the Division of Revenue. Mr. Madrid introduced Lisa Embert in her new role as the new Director of Reconciliations and Transaction Management and Mr. Brennon Fountain as the new Controller II for OST.

APPROVAL OF THE MINUTES

A MOTION was made by Treasurer Davis and seconded by Secretary Geisenberger to approve minutes from the Subcommittee meeting on February 12, 2020 and the special Subcommittee meeting on February 19, 2020.

MOTION ADOPTED UNANIMOUSLY

BANKING SERVICES PROJECT

JP Morgan Chase – General Banking Update

Ms. Embert provided updated on the general banking transition project. Despite some delays due to the COVID pandemic, JP Morgan and OST are continuing work to identify and understand the Division of Revenue’s (“DOR”) banking requirements for the transition to the new Integrated Revenue Administration System (“IRAS”). IRAS is scheduled to go-live in November 2020.

The Office of Unclaimed Property (“OUP”) remained on track the last two months and will be the first agency to transition to JP Morgan. OUP is scheduled to go-live late in summer 2020. OST and JP Morgan are meeting with other State agencies to start or re-engage implementation. Secretary Geisenberger expressed his appreciation for OST’s work on the JP Morgan transition with OUP and especially DOR.

Stored Value Card – US Bank

Mr. Feeley provided an update on the Stored Value Card transition project. The Department of Labor (“DOL”) and DHSS Child Support are two of the three State agencies that implemented the Stored Value Card program in January 2020. Both programs are operating well during Governor Carney’s Emergency Order; however, US Bank notified OST that callers may experience longer wait times than contemplated in the parties’ service-level metrics.

US Bank has made the following changes to decrease caller wait time: (1) added hardware to their Interactive Voice Recording touch tone phone interface – the system used to activate the cards; (2) hired an additional subcontractor to increase live call support; and (3) sending cardholders emails three days after initial registration to provide guidance on how to access card information online versus contacting the call center. OST is comfortable with US Bank’s responsiveness to Covid-related service issues.

PFM CONTRACT

Ms. Kwesseu provided an update on the status of the PFM banking consulting contract for the general and local banking projects. The Board previously granted OST authority to extend the banking consultant contract for six months to spend the remaining funds on the contract. OST will use the remaining funds to address the calculation of the State’s daily cash position. PFM’s contract will expire on June 30, 2020.

LOCAL BANKING

M & T Bank

Ms. Kwesseu provided an update on the final stages of OST’s negotiations with M&T Bank for over-the-counter banking services. OST expects that negotiations will be completed by the end of May 2020.

Status of Remaining Contract Awards

OST will start negotiations with WSFS, Citizens and TD Bank after negotiations conclude with M&T Bank. OST anticipates that negotiations for those agreements will be completed by December 2020.

MERCHANT SERVICES

Assignment of Merchant Processor Contract and RFP

Mr. Madrid reported that Bank of America Merchant Services (“BAMS”), the merchant processor partnership between Bank of America and First Data, is dissolving as of June 30, 2020, and that the State’s contract with BAMS will be assigned either to Bank of America or Fiserv, First Data’s parent company. An introductory meeting with OST, BAMS and the new merchant processor is scheduled for May 14, 2020. The first term of the contract expires in December 2020. OST noted the possibility of issuing an RFP for merchant processing services in summer 2020.

Whistleblower Allegations – PCI Issues

OST was anonymously notified about Bank of America Merchant Services (“BAMS”) involvement in active whistleblower litigation with respect to PCI compliance. The whistleblower alleges, and BAMS apparently admits, that BAMS historically shared PAN data with its merchant processing partner, First Data, through unsecured email in connection with chargeback transactions. The whistleblower alleges, and BAMS denies, that BAMS intentionally failed to disclose Bank of America’s PCI compliance and data security issues during negotiations with the State of Delaware in 2016 and 2017. OST contacted BAMS about the status of the litigation. BAMS was unable to comment on the litigation but confirmed that “*cardholder data is handled in accordance with industry standard, including in compliance with PCI DSS.*”

PCI Compliance

Mr. Madrid reported that OST is still working with Department of Technology and Information and CampusGuard on PCI compliance. Quarterly scans are conducted on the State’s externally facing websites that accept debit and credit card payments. OST is also working with the Division of Corporations on their annual compliance process for PCI. The goal is to reach compliance with as many merchants as possible by year end.

OST is working on a separate set of deliverables to implement statewide policies and procedures and training to all State of Delaware merchants. Delaware Learning Center is the online platform that will host the training and is scheduled to be available by the end of the quarter.

RFP for a Merchant Processing and Gateway Solutions Consultant

Mr. Madrid reported that the RFP for a merchant processing and gateway consultant was issued in April with a May 29, 2020 response deadline. The successful vendor will help OST with the procurement process for merchant processing and gateway services in the fall.

EXECUTIVE SESSION

No executive session was held.

PUBLIC COMMENTS

No members of the public present for comment.

NEXT MEETING

The next full Board meeting is scheduled for May 27, 2020.

The next Banking Subcommittee meeting is scheduled for August 12, 2020.

ADJOURNMENT

A MOTION was made by Secretary Geisenberger and seconded by Treasurer Davis to adjourn the meeting of the Subcommittee at 10:31 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Warren Engle
Chair, Banking Subcommittee