



**MINUTES FROM MEETING OF BANKING SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
May 9, 2018**

A meeting of the Banking Subcommittee (“Subcommittee”) of the Cash Management Policy Board (“Board”) was held on May 9, 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. Lynda Messick, 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

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

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

Ms. Liza Druck, Policy Advisor, OST

CALLED TO ORDER

Mr. Engle called the meeting to order at 10:00 a.m.

APPROVAL OF MEETING MINUTES

A MOTION was made by Ms. Messick and seconded by Ms. Gonzalez to approve the minutes of the February 14, 2018 meeting.

MOTION ADOPTED UNANIMOUSLY

BANKING STRUCTURE REVIEW PROJECT UPDATE

Mr. Berkow provided an update on the RFP process for the Banking Structure Review project. The scope of services was finalized with PFM, and OST is currently working with participating agencies to draft the RFP. The RFP is scheduled to be released on June 11, 2018, with vendor proposals due by August 3, 2018. The final contract award notifications are currently scheduled to occur on November 14, 2018 at the Banking Subcommittee meeting. Subcommittee members noted that they would prefer to have OST lead the vendor evaluation process. Subcommittee members expressed a desire to be involved in the finalist selection process.

MERCHANT SERVICES IMPLEMENTATION UPDATE

Ms. Gonzalez provided an update on the merchant services transition from EPX to Bank of America Merchant Services (BAMS) and the State's gateway provider, Govolution. All State agency merchants have been successfully transitioned to BAMS, and all EPX accounts are now closed. Residual conversion work remains to be completed, including the reconciliation of monthly BAMS fees, and the completion of user training. OST plans to conduct a comprehensive assessment of the Merchant Services conversion project, and will present key findings at the next Banking Subcommittee meeting on August 8, 2018.

ACTION ITEMS

Vote on nonsubstantive changes to the Guidelines and form of implementing order

Mr. Staib updated the Subcommittee regarding the APA process and discussed four proposed changes to the Guidelines as posted on April 1, 2018. Mr. Staib explained that the first change merely memorializes the Board's statutory authority to grant exceptions to the Guidelines. The second change is designed to clarify that the Guidelines strive to achieve, but do not necessarily require, full collateralization of all end-of-day demand deposit account balances. The third change is intended to clarify that U.S. agency obligations, when posted as collateral by cash management banks, are not subject to the percentage limitations that apply when such obligation are purchased by investment managers. The final change is intended to address the Delaware Bankers Association's comment concerning the submission of call reports and will relieve cash management banks of the obligation to submit such reports to OST on a quarterly basis if they are available online. The Subcommittee agreed that the changes were both appropriate and nonsubstantive in nature. Mr. Staib reviewed the remaining steps in the APA process, which OST hopes will conclude with the publication of an APA implementing order on June 1, 2018. The Guideline changes will become "effective" 10 days from the date of publication of the approval order.

A MOTION was made by Ms. Messick and seconded by Ms. Scola to recommend approval of the nonsubstantive Guideline changes and the form of the implementing order.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Ms. Scola and seconded by Ms. Messick to execute the implementing order, with the signature pages held in escrow pending approval by the full Board.

MOTION ADOPTED UNANIMOUSLY

PUBLIC COMMENTS

No members of the public present for comment.

NEXT MEETING

The next meeting is scheduled for August 8, 2018.

ADJOURNMENT

A MOTION was made by Ms. Messick and seconded by Mr. Engle to adjourn the meeting at 11:42 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Warren Engle
Chair, Banking Subcommittee

Lynda Messick
Co-Chair, Banking Subcommittee