



**MINUTES FROM MEETING OF BANKING SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
November 13, 2019**

A meeting of the Banking Subcommittee (“Subcommittee”) of the Cash Management Policy Board (“Board”) was held on November 13, 2019 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 19904.

Subcommittee Members Represented or in Attendance:

Mr. Warren Engle, Subcommittee Co-Chair
Ms. Tarrie Miller, Subcommittee Co-Chair
The Honorable Colleen Davis, State Treasurer
Mr. Richard Geisenberger, Secretary, Department of Finance

Subcommittee Members Not Represented or in Attendance:

Mr. John Flynn, Board Chair

Others in Attendance:

Ms. Stephanie Scola, Bond Finance Director, Department of Finance
Mr. Jason Staib, Deputy Attorney General, Department of Justice
Ms. Liza Druck Davis, Deputy State Treasurer, OST
Mr. Daniel Madrid, Director of Policy and Office Management, OST
Ms. Dawn Davis, Assistant Debt and Cash Manager, OST
Mr. Todd Feeley, Banking Services Implementation Manager, OST
Mr. Jamie Johnson, Department of Finance
Mr. Francis Tormen, Department of Technology and Information (DTI)

CALLED TO ORDER

The Deputy Treasurer called the meeting to order at 10:05 a.m.

INTRODUCTIONS

The Deputy Treasurer introduced Todd Feeley as a new OST team member who was previously working with merchant services project and now is tasked with the banking transition.

APPROVAL OF MEETING MINUTES

A MOTION was made by Treasurer Davis and seconded by Ms. Miller to approve the minutes of the August 14, 2019 meeting.

MOTION ADOPTED UNANIMOUSLY

BANKING SERVICES PROJECT UPDATE

Stored Value Card

Mr. Feeley provided an update on the transition of the stored value card services to the new vendor, US Bank. Mr. Feeley reported that two of the three programs (Unemployment Insurance and Child Support Services) are already in the process of converting. All three programs (including Department of Services for Children, Youth and Their Families) are scheduled to “go live” by the first quarter of 2020. Mr. Feeley stated that the current vendor is continuing to process transactions, has been notified of the target transition dates, and will be notified of any changes to the transition timeline.

JP Morgan Project Planning Update

Mr. Feeley gave an update on the progress of the transition of the State’s banking services to JP Morgan. Mr. Feeley stated that JP Morgan held initial planning meetings with OST, the Department of Labor, and the Division of Developmental Disabilities Services. JP Morgan will next meet with the Division of Revenue, Payroll, Pensions, and the Division of Accounting. The first priority is to move the PNC Bank accounts that interface with First State Financials before the PNC contract expires in 2020, followed by the migration of electronic collection accounts from The Bank of New York Mellon Corp. (“BNYM”). Mr. Feeley reported that PNC and BNYM transition teams have been involved and supportive of the State’s transition plans.

Mr. Feeley noted that JP Morgan will analyze agency needs and make recommendations to improve services. Once recommendations have been made, OST bank accounts will begin migration, followed by agency accounts.

Mr. Feeley noted that the two vacant positions in OST will have a great impact on the timing of the project.

Discussion on Banking Consultant Contract Extension

The Deputy Treasurer provided background on the banking consultant contract with PFM. The Deputy Treasurer noted that funds remain on the contract for consulting services, which could be used to aid the JP Morgan transition or additional banking analyses. The original agreement expired in October 2018 and included two optional six-month extensions. The Deputy Treasurer stated that both six-month extensions have been utilized, and that OST is seeking an additional six-month extension to facilitate the option to spend the remaining funds. The Deputy Treasurer indicated PFM has signed the agreement for the additional six-month term pending authorization from the Board.

A MOTION was made by Treasurer Davis and seconded by Ms. Miller to recommend to the Board that OST be granted authority to extend the banking consultant contract with PFM.

MOTION ADOPTED UNANIMOUSLY

LOCAL BANKING UPDATE

Mr. Feeley provided an update on the local banking contracts. Mr. Feeley stated that OST is currently negotiating with M&T Bank. Once finalized, OST will negotiate the Citizens, TD Bank and WSFS contracts. Mr. Feeley stated that existing agency accounts at PNC will transition to one of the contracted local banks. Prior to that time, OST will allow accounts to be opened with PNC on a case-by-case basis

to prevent interruption of agency and school business operations. The Subcommittee discussed the expected date of transition. Mr. Feeley stated that OST should have the contracts in place by early 2020. Mr. Feeley indicated that OST will provide transition assistance to the agencies.

MERCHANT SERVICES UPDATE

Merchant Services Consultant RFP Update

The Deputy Treasurer provided an update on the merchant services consultant RFP, which was approved at the August 2019 meeting. The Deputy Treasurer reported that the RFP is under review and scheduled to publish on November 20, 2019, with a December 20, 2019 deadline for vendors to reply. In January 2020, the submissions will be reviewed, and the Board will grant the award at the February 2020 meeting.

PCI Assessment RFP and Remediation Update

The Deputy Treasurer provided the update on the contemplated PCI assessment RFP, which was discussed at the August 2019 meeting. The resulting assessment would look at the technical and procedural deficiencies present in the State's current merchant services operations. The Deputy Treasurer noted that there have been two important developments since the August meeting. First, OST has obtained two new resources through partnership with the Department of Technology and Information ("DTI"). These employees will be able to assess the technical aspects of the State's PCI needs. Second, OST was able to incorporate additional PCI assessment work into the scope of services for the merchant services consultant RFP. These developments mitigate the need to issue a standalone PCI assessment RFP.

Mr. Madrid discussed the technical PCI work that is currently under way. Mr. Madrid reported that a project plan is being crafted, and that agency remediation efforts have begun. Mr. Madrid discussed PCI network scanning requirements and the plan for conducting those scans.

Mr. Madrid informed the Subcommittee of the newly formed policy workgroup made up of representatives from DTI, the Department of Finance, OMB and OST. Mr. Madrid stated the purpose of the workgroup is to look at the oversight and administrative landscape for merchant services and PCI compliance to determine how each component should be governed.

Mr. Engle inquired where the responsibility for the payment system should lie. Mr. Madrid responded that this one of the topics that the workgroup hopes to resolve. Mr. Madrid noted that the workgroup plans to convene quarterly until the State's issues are addressed. Mr. Engle also inquired about the CampusGuard PCI assessment services. The Deputy Treasurer stated that Board action is not needed at this time.

Mr. Engle requested an update at the next Subcommittee meeting.

PUBLIC COMMENTS

No members of the public present for comment.

NEXT MEETINGS

The next full Board meeting is scheduled for December 4, 2019.

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

ADJOURNMENT

A MOTION was made by Mr. Engle and seconded by Treasurer Davis to adjourn the meeting at 10:28 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Warren Engle
Chair, Banking Subcommittee