



**MINUTES FROM MEETING OF BANKING SUBCOMMITTEE
OF THE CASH MANAGEMENT POLICY BOARD
NOVEMBER 14, 2018**

A meeting of the Banking Subcommittee (“Subcommittee”) of the Cash Management Policy Board (“Board”) was held on November 14, 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 (Telephonically)
Ms. Lynda Messick, Subcommittee Co-Chair (Telephonically)
Mr. John Flynn, Board Chair (Telephonically)
Ms. Stephanie Scola (On behalf of Director of Finance Rick Geisenberger) (Telephonically)
The Honorable Ken Simpler, State Treasurer

Subcommittee Members Not Represented or in Attendance:

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General
Ms. Nora Gonzalez, Deputy State Treasurer, OST
Mr. Josh Berkow, Director of Debt and Cash Management, OST
Mr. Khary DeWitt, Director of Banking Services, OST
Ms. Liza Druck, Policy Advisor, OST
Ms. Colleen Davis, State Treasurer-Elect (Telephonically)

CALLED TO ORDER

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

Ms. Gonzalez introduced Khary DeWitt, who was recently hired by OST to serve as Director of Banking Services. Treasurer-Elect Colleen Davis was introduced to the Subcommittee as well.

APPROVAL OF MEETING MINUTES

A MOTION was made by Ms. Scola and seconded by Ms. Messick to approve the minutes of the August 8, 2018 meeting.

MOTION ADOPTED UNANIMOUSLY

MERCHANT SERVICES IMPLEMENTATION UPDATE

Integration of Merchant Services, Gateway Services and Compliance Services

Ms. Gonzalez briefed the Subcommittee on the upcoming project to assess potential opportunities to improve the State's current payment architecture, including analyses of existing arrangements and equipment for merchant processing, gateway services and PCI Compliance. OST has engaged Arrow Payments to perform the assessment, which will begin in early 2019. The Department of Technology and Information (DTI) holds the contract with the current gateway provider, Govolution, and has agreed to extend the contract through the end of next year while the assessment is completed. Treasurer Simpler advised that the incoming administration might elect to allocate OST's vacant IT position towards supporting the assessment, as well as the ongoing Banking Services Review Project.

BANKING STRUCTURE REVIEW PROJECT UPDATE

Extension of Contracts for Banking Services and Banking Consultant

Mr. Berkow informed the Subcommittee that contracts for the existing banking providers have been extended at current pricing levels, to provide coverage until the new vendors are in place.

RFP Status Update

Mr. Berkow summarized the Banking Services RFP components and the proposal scoring process. He informed the Subcommittee that the final Evaluation Committee score sheets have been tabulated. J.P. Morgan is the top scoring respondent for components one (general banking services), two (lockbox services), three (purchasing card), and five (check printing). U.S. Bank is the top scoring respondent for component 4 (stored value card). The Subcommittee addressed risks and opportunities that may arise from the consolidation of four services into one provider. Ms. Messick recommended the establishment of quarterly vendor risk management review procedures.

RFQ Overview

Mr. Berkow stated that OST anticipates a reduction in the number of outside bank accounts required by State agencies, resulting from the implementation of digital payment products that new vendors might be able to provide. However, certain agencies may continue to require the ability to conduct various in-person transactions at local branches. To that end, OST intends to issue an RFQ in early 2019 to identify and select a number of local banks.

ACTION ITEMS

Vote on recommendation of Banking Services Vendors for Components 1, 2, 3, 4 and 5 under Contract No. TRE18101-BANKINGSVC

A MOTION was made by Ms. Messick and seconded by Ms. Scola to recommend the commencement of contract negotiations for Banking Services Vendors. MOTION ADOPTED UNANIMOUSLY

PUBLIC COMMENTS

No members of the public present for comment.

NEXT MEETING

The next meeting is scheduled for February 13, 2019.

ADJOURNMENT

A MOTION was made by Ms. Scola and seconded by Mr. Engle to adjourn the meeting at 10:31 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Warren Engle
Chair, Banking Subcommittee

Lynda Messick
Co-Chair, Banking Subcommittee

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