



**MINUTES
CASH MANAGEMENT REVIEW BOARD
MEETING OF DECEMBER 09, 2016
CAPITOL ANNEX
1051 NORTH THIRD STREET, ROOM #110**

The items listed on the Agenda are incorporated and considered to be a part of the minutes herein.

Chair Laura Lapeze called the meeting to order. Brent Manuel called the roll.

MEMBERS PRESENT:

Laura Lapeze, as Chair and designee for the State Treasurer
Afranie Adomako, CPA, as designee for the Commissioner of Administration
Ernie Summerville, CPA, as designee for the Legislative Auditor (Non-voting member)

OTHER PERSONS PRESENT:

Brent Manuel, State Treasury Fiscal Control Manager and Secretary to the Board
John L. Daniel, JP Morgan Chase Bank, Senior Vice President
Cindi Nee, JP Morgan Chase Bank, Client Relationship Manager
Mikki Mathews, JP Morgan Chase Bank, Treasury Management Officer
Carol Leonard, JP Morgan Chase, Customer Service Professional

Mr. Afranie Adomako motioned for approval of the minutes for the July 31st, 2015 meeting, seconded by Ms. Lapeze, and without objection, the minutes were approved.

Agenda Item 3a was submitted by the Louisiana State University (LSU) to request approval of revised PM-9, Banking Services, Safeguarding of Deposits and Investment and Reporting Policy. Donna Torres, the Associate Vice President for Accounting Services of LSU was contacted via telephone to further explain changes that were made to the policy.

Ms. Torres informed the board of titles at LSU changing from Chancellor to President and Vice Chancellor to Vice President. LSU no longer has a President and a Chancellor, only a President who fills in the capacity of both positions. LSU has also eliminated a requirement in the policy that mandates LSU to bring all banking service contracts and contractors before the LSU Investment Committee for approval due to the redundancy in their approval process. Currently, LSU passes all banking service contracts and contractors through a procurement process. Once recommendations are made, the requests are given to the Investment Committee. LSU realized that the procurement process and the Investment Committee were acting as one in the same. The Investment Committee has always agreed with the recommendations from the procurement process; therefore, LSU has eliminated the requirement for the Investment Committee to approve banking service contracts and contractors.

Ms. Torres also informed Cash Management Review Board (CMRB) that LSU is working towards a single banking services contract for all LSU entities. At present LSU, Pennington, Ag Center, Eunice, Alexandria, and Shreveport are under one bank account and one banking service contract. The Health Science Center in New Orleans and the Health Science Center in Shreveport are participating in the same contract under a participation agreement but will continue to maintain separate bank accounts due to the differences in their operating financial systems. Once LSU does acquire the single banking service contract, the need for approvals from the Investment Committee will



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be obsolete. The changes to the policy has been brought before the LSU Board of Supervisors and has been approved.

Mr. Adomako motioned for the approval of the revised PM-9, Banking Services, Safeguarding of Deposits and Investment and Reporting Policy, seconded by Ms. Lapeze, and without objection Item 3a was approved.

Agenda Item 3b was removed from the agenda by the Louisiana Department of Transportation and will be brought back before the board at a later date.

Agenda Item 4a was submitted by the Louisiana Department of Agriculture & Forestry to request to open a new Zero Balance Account (ZBA) at JP Morgan Chase Bank in Baton Rouge for the purpose of accepting on-line payments for assessments and fees for the Weights & Measures program. This Item was preapproved on October 2nd, 2015. The department has no other accounts that could have been used for this purpose.

Mr. Adomako made a motion to approve the new Zero Balance Account (ZBA) submitted by the Louisiana Department of Agriculture & Forestry, seconded by Ms. Lapeze, and without objection Item 4A was approved.

Agenda Item 4b was submitted by the Louisiana Department of Agriculture & Forestry to request to open a new Zero Balance Account (ZBA) at JP Morgan Chase Bank in Baton Rouge for the purpose of accepting on-line payments for assessments and fees for the Horticulture & Quarantine program. This Item was preapproved on October 14th, 2015. The department has no other accounts that could have been used for this purpose and wishes to keep the Weights & Measures program separate from the Horticulture & Quarantine program.

Mr. Adomako made a motion to approve the new Zero Balance Account (ZBA) submitted by the Louisiana Department of Agriculture & Forestry, seconded by Ms. Lapeze, and without objection Item 4b was approved.

Agenda Item 4c was submitted by the Louisiana Department of Education to request to open a new Zero Balance Account (ZBA) at JP Morgan Chase Bank in Baton Rouge for the purpose of credit card deposits for the Child Care Development Fund (CCDF) program. This account was preapproved on February 19th, 2016. The department has no other accounts that could have been used, and they are paying for all the fees associated with this account.

Mr. Adomako made a motion to approve the new Zero Balance Account (ZBA) submitted by the Louisiana Department of Agriculture & Forestry, seconded by Ms. Lapeze, and without objection Item 4c was approved.

Agenda Item 4d was submitted by the Louisiana Department of Health (LDH) – Office of Management and Finance (OMF) to request to open a new Zero Balance Account (ZBA) at JP Morgan



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Chase Bank in Baton Rouge for the purpose of collecting Affordable Care Act (ACA) Medicaid Provider fees and is a lockbox clearing account. LDH will be paying for all fees associated with this account given an approval. The department has 7 existing lockboxes located in Baton Rouge that collect various payment types. Presently, one ZBA has been purposed to receive the deposits from these lockboxes.

Ms. Patricia Cane, OMF Fiscal Director, was contacted via telephone to further explain the reason for which LDH is requesting a separate account for the additional lockbox. Ms. Cane informed CMRB that the lockbox will be receiving a high volume of check and EFT payments from enrolling Medicaid providers. The high volume of deposits would be difficult to manage considering that other programs would also be depositing payments into the lockbox. Also, due to the payments being for the Medicaid expansion program, the Medicaid Office will need access to the account. It was Ms. Cane understanding that if the department used the existing purposed account then the Medicaid Office would be denied access for the reason of deposit postings from other programs being viewable.

Ms. Cindi Nee, Client Relationship Manager of JP Morgan Chase Bank, offered further details in regards to lockboxes, accounts, and user privileges. The current lockboxes for LDH are receiving a consolidated estimate of 5,000 deposits per month which is considered a low volume. Once the deposits are posted to the bank, the department is able to view the lockbox number that is unique to each deposit. Therefore, it is possible to isolate which lockbox belongs to which payments. In response to the Medicaid Office having access to view deposits from other programs, JP Morgan Chase Bank does offer the Receivables Edge service which allows entitlements to be given to certain users to view only certain deposits. Meaning the service can be used to isolate deposits from one specific lockbox.

Ms. Cane mentioned that LDH has requested to use Receivables Edge for a similar purpose in the past, and the request was denied. Ms. Nee reaffirmed that for this request, entitlements can be given at the lockbox level. The Medicaid Office will be able to view the activity for the new lockbox every day without viewing other program deposits even though all programs will be posting to the same bank account. Also, as long as the deposits are sent to the ACA Medicaid lockbox, the EFTs and check payments can be identified as unique to that lockbox.

Ms. Cane and Ms. Nee agreed that LDH would open a new lockbox and use the existing account that is already purposed for LDH's lockbox deposits.

Mr. Adomako made a motion to defer the request for a new Zero Balance Account (ZBA) submitted by the Louisiana Department of Health until such a time that the department's needs are not being met, seconded by Ms. Lapeze, and without objection Item 4d was deferred.

Agenda Item 4e was submitted by the Louisiana Department of Health (LDH) - Office of Public Health to request to open a new Zero Balance Account (ZBA) at JP Morgan Chase Bank in New Orleans for the purpose of collecting Safe Drinking Water fees. Mr. Adomako inquired about using one of the many ZBAs that LDH has already acquired as an alternate to opening an additional



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ZBA. Mr. Edward Holmberg III, Administrator for the Division of Fiscal Management, was contacted via telephone to further discuss alternate solutions.

Mr. Holmberg informed CMRB that the Safe Drinking Water program had recently been approved by the legislature for a massive increase in collection fees. The increase will grow from 4 million dollars to 18 million dollars annually. The fees for the program will be paid online through a payment system similar to Vital Record's system known as Vital Check. Currently the 4 million is being collected through the department's permanent office and classified as received. However, due to the increase in collections and the implementation of online payments, there is a need for a separate ZBA.

The department is presently using separate ZBAs for each program as part of their classification process. The State Treasurer's Office currently validates the amount of funds that are in each ZBA by sending a daily email to LDH. LDH relies heavily on this process in order to know how to classify the funds and to whom the funds belong. Certain programs, such as the Bayou Health program, handle Medicaid collections and/or federal grants. Consolidating programs into one ZBA would eliminate the ability to keep these revenues separate. The department would have potentially thousands of records to siphon through in order to correctly classify funds. Mr. Holmberg expressed that having separate ZBA's for each program has greatly reduced the leg work for the staff and also eradicates the demand for purchasing a costly accounting system. LDH does not foresee the need for additional ZBAs in the future.

Mr. Adomako made a motion to approve the new Zero Balance Account (ZBA) submitted by the Louisiana Department of Health – Office of Public Health at JP Morgan Chase Bank in New Orleans for the purpose of collecting Safe Drinking Water fees, seconded by Ms. Lapeze, and without objection Item 4e was approved.

Agenda Item 4f was submitted by the Louisiana Department of Health – Office of Public Health to request to open an account at Whitney Bank to be used by the Washington Parish Health Unit at the Franklin site due to the closing of the local Capital One branch. This Item was preapproved on October 10th, 2016. The Capital One branch closed October 21st, 2016.

Mr. Adomako made a motion to approve the new bank account submitted by the Louisiana Department of Health – Office of Public Health at the Whitney Bank in Franklinton, seconded by Ms. Lapeze, and without objection Item 4f was approved.

Agenda Item 4g was submitted by the Louisiana Department of Health – Office of Public Health to request to change the St. James Parish Health Unit bank from Regions in Lutcher to First American in Vacherie due to the St. James Parish Health Unit moving from Lutcher to Vacherie. This Item was preapproved on January 3rd, 2016.



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Mr. Adomako made a motion to approve the request to change the St. James Parish Health Unit bank from Regions in Litcher to First American in Vacherie, seconded by Ms. Lapeze, and without objection Item 4g was approved.

Agenda Item 4h was submitted by the Louisiana Department of Public Safety & Corrections – Office of Motor Vehicles to request to change the Franklinton Office of Motor Vehicle bank from Capital One to Whitney Bank due to the Capital One Bank closing. This Item was preapproved on October 10th, 2016. The Capital One branch closed October 25th, 2016.

Mr. Adomako made a motion to approve the request to change the Franklin Office of Motor Vehicle bank from Capital One to Whitney Bank, seconded by Ms. Lapeze, and without objection Item 4h was approved.

Agenda Item 4i was submitted by the Louisiana Department of Revenue to request to repurpose an existing lockbox deposit account at JP Morgan Chase Bank in Baton Rouge to accept credit card payments for the Office of Debt Recovery.

Mr. Adomako made a motion to approve the request to repurpose an existing lockbox deposit account to accept credit card payments, seconded by Ms. Lapeze, and without objection Item 4i was approved.

Agenda Item 4j was submitted by the Office of Group Benefits to request to repurpose two (2) existing Zero Balance Accounts (ZBA) at JP Morgan Chase Bank in Baton Rouge to incorporate lockbox deposits receiving premium payments. This Item was preapproved on May 16th, 2015. The lockboxes have been set up, and OGB is paying the associated fees with the lockbox.

One ZBA will be used to receive lockbox deposits for individuals participating in the Louisiana Department of Health's Louisiana Children's Health Insurance Program (LaCHIP) & Funding Opportunity Announcement (FOA) monthly plan premiums. The second ZBA will be used to receive lockbox deposits for payments from individuals who are surviving spouses of deceased state employees and eligible to continue participation in OGB programs but have no/inadequate monthly retirement payments from which to deduct the participant premiums.

Mr. Adomako made a motion to approve the request to repurpose two (2) existing Zero Balance Accounts (ZBA's) to incorporate lockbox deposits receiving premium payments, seconded by Ms. Lapeze, and without objection, Item 4j was approved.

Agenda Item 4k was submitted by the Office of Risk Management to request to open an Imprest Account at JP Morgan Chase Bank in Baton Rouge for the purpose of using miscellaneous refunds relating to the operations of the Medical Review Panel (MRP). The Commissioner of Administration approved ORM's request with an approved balance of \$1,500.



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Mr. Adomako made a motion to approve the request to open an Imprest Account at JP Morgan Chase Bank, seconded by Ms. Lapeze, and without objection, Item 4k was approved.

For informational purposes only, Agenda Item 5a was submitted to the Board as notification that the University of Louisiana at Lafayette is opening a bank account at Home Bank in Lafayette to deposit self-generated funds to be used for operations.

For informational purposes only, Agenda Item 5b was brought before the Board as notification that the University of Louisiana at Lafayette is opening a bank account at MidSouth Bank in Lafayette to deposit self-generated funds to be used for operations.

For informational purposes only, Agenda Item 5c was brought before the Board as notification that the Louisiana Department of Transportation and Development has closed the Crescent City Connection Div-Petty Cash bank account at JP Morgan Chase Bank in New Orleans due to the elimination of the toll operations.

Agenda Item 5d was brought before the Board to discuss the Louisiana Department of Education's (LDE) conversion plan for transitioning all payments for the Early Childhood Federal program (CFDA 84.419B) from an existing Zero Balance Account (ZBA) at JP Morgan Chase Bank in Baton Rouge to the integrated Statewide Information System (ISIS).

On October 2nd, 2015 the Board approved a conversion plan with a completion date no later than May 1, 2016 contingent upon the decision to utilize Xerox for these disbursements. However, Xerox will not be providing these services to LDE. The Legislative Auditor's Office and OTS has concluded that these payments cannot be processed in ISIS. LDE should continue to make the disbursements out of the ZBA. The ZBA was originally being used for dual purposes. Money was being deposited and disbursed from the account. After speaking with the Treasurer's Office, the money that was being deposited into that account is now being deposited into Treasury's Central Depository Account. Presently, LDE is informing Treasury on a weekly basis the total amount being paid out of the ZBA to ensure the account has sufficient funds to cover the disbursement.

CMRB agreed that a meeting will be scheduled to further discuss this matter. Ms. Lapeze will be contacting all parties in order to gain an idea of availability to schedule the meeting.

An additional item was added to Other Business by Ms. Lapeze who informed CMRB that the State Treasurer's Office has been reporting quarterly balances of all bank accounts held within Treasury to Joint Legislative Committee on the Budget (JLCB) in accordance with Act 587 of the 2016 Regular Legislative Session. The State Treasurer's Office is consolidating the data into one report but not verifying it for validity. Not all agencies are reporting to Treasury; therefore, Treasury will be contacting the agencies to gain further information as of why they are not meeting the requirement.

JLCB has also asked the State Treasurer's Office which carry forward amounts were accounted for by a BA-7. Treasury will provide JLCB with a report for the last three fiscal years of the total



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amount carried forward and the amount of the Carryforward BA-7. Ms. Lapeze will send the quarterly reports to the CMRB members. Mr. Summerville expressed his intentions of including this matter at agency entrance conference meetings.

There were no Other Business topics to be discussed.

Mr. Adomako made a motion to adjourn, seconded by Ms. Lapeze, and without objection, the meeting was adjourned.