

Cash Management Review Board Minutes of 02/23/12

The Chairman called the meeting to order at 10:45 a.m.

Members present:

Laura Lapeze – designee for the State Treasurer

Afranie Adomako– designee for the Commissioner of Administration

Tom Cole – designee for the Legislative Auditor (non-voting member)

Others present:

Trudy Jackson, State Treasury

Glenda Hannaman, State Treasury

Cindi Nee, JP Morgan Chase Bank

John L. Daniel, JP Morgan Chase Bank

Donna Torres, Louisiana State University

George Moss, Louisiana State University

Ramsey Green, Recovery School District

John L. Morehead, Louisiana Legislative Auditors

1. Roll Call

2. **Approval of Minutes.** Afranie Adomako moved to approve the minutes of the November 16, 2011 Cash Management Review Board (CMRB) meeting. The motion was seconded by Laura Lapeze and was adopted without objection.

3. **Louisiana State University System** requested board approval of their revised cash management and investment policies. Mr. Afranie Adomako indicated that his meeting packet did not include the red-lined version of the new LSU investment policy. Donna Torres provided an introduction and a brief explanation of the changes to the policy, which were founded in legislation and allowed for Universities afforded high level autonomies by the LaGrad Act. The LSU System submitted an updated investment policy for approval of the Cash Management Review Board. The changes included in the new policy are the ability for LSU to have flexibility in the term to maturity of investments purchased and the ability for LSU to have greater flexibility in the allocation of investments. Mr. George Moss, Chief Investment Office of the LSU Foundation, also indicated that the new policy includes an additional investment vehicle, municipal bonds.

LSU would like a longer term to maturity to achieve a greater rate of return on funds that are held for long periods of time – as an example, Maintenance Reserve Accounts required for capital projects.

The flexibility with the portfolio allocation would allow for a greater investment rate of return.

Ms. Lapeze indicated that Mr. John Broussard, Treasury's Chief Investment Officer, had reviewed the policy and had no issues. The Treasurer's Office did recommend the LSU System's certify annually that LSU had complied with the terms of the policy. LSU indicated that the certification will be made quarterly as part of the LSU Investment Report submitted to the LSU System.

There was discussion between Mr. Tom Cole and Mr. Adomako related to High Level Autonomy Approval by the Division of Administration. Ms. Torres indicated that the next steps as she understands them are approval of the Investment Policy by the CMRB, then a copy of the approval is submitted to the Commissioner of Administration in the packet of information required to obtain the High Level Autonomy Approval.

Afranie Adomako made a motion to approve the revised Louisiana State University's cash management and investment policy with the provision that CMRB will receive a copy of LSU System's quarterly certification. The motion was seconded by Laura Lapeze which was adopted without objection.

4. Approval of Bank Accounts:

Ms. Lapeze requested the Board to consider an agenda item out of order. Mr. Ramsey Green from the New Orleans Recovery School District was present at the board meeting, and Ms. Elizabeth Smith was available by phone to discuss agenda item 4C Department of Education. Without objection the Board granted this request.

Department of Education submitted an application for Board approval for a new operating account with JP Morgan Chase in New Orleans. The account will be setup as a joint account between Recovery School District and the Orleans Parish School Board. The account will be used to deposit insurance settlement monies and its earned interest received from a civil litigation between Orleans Parish School Board and Lexington Insurance Company.

Mr. Green explained that the first portion of settlement monies \$23,800,000.00 were received. The Recovery School District and the Orleans Parish School Board agreed to split the funds in half: \$11,900,000.00 was deposited into the State Treasury and \$11,900,000.00 was deposited into a Orleans Parish School Board account.

The division of future funds between Recovery School District and Orleans Parish School Board has not been agreed upon at this time. Mr. Tom Cole was concerned whether it was legal to have a joint account between a state government entity and a local government entity. Ms. Lapeze said she does not recall any such joint account being approved before by the Board. Mr. Cole also expressed concern as to whether the Board had the authority to approve this request. After further discussion with Mr. Green and Ms. Smith, the Board agreed an Attorney General Opinion on this matter is needed. Ms. Lapeze will submit a request to the Attorney General.

Ms. Lapeze made a motion to defer this item until an Attorney General opinion is received. The motion was seconded by Afranie Adomako which was adopted without objection.

Department of Health and Hospitals submitted an application for Board approval of a new Treasury zero balance bank account at JP Morgan Chase Bank in Baton Rouge for the Office of Public Health, Emergency Medical Services. The new bank account will be used to collect recertification fees via debit and credit cards.

Afranie Adomako made a motion to approve the new zero balance bank account at JP Morgan Chase Bank for the Office of Public Health. Laura Lapeze seconded the motion which was adopted without objection.

Florida Parishes Human Services Authority submitted an application for Board approval of a new bank account at Hancock Bank in Hammond. The new bank account will be used to collect ineligible patient fees for services. The agency is moving to a centralized billing and collections system at the Administrative Office. The agency will close their existing bank accounts when the system move is completed.

Afranie Adomako made a motion to approve the new bank account at Hancock Bank in Hammond for Florida Parishes Human Services Authority. Laura Lapeze seconded the motion which was adopted without objection.

5. **Other Business:** None

6. **Adjournment**

Having no further business, Afranie Adomako made a motion to adjourn, and the motion was seconded by Laura Lapeze. Without objection the Cash Management Review Board adjourned at 11:50 a.m.

Updated Status

Subsequent to the Cash Management Review Board held on 2/23/12

On April 11, 2012, Barbara Baier, attorney for the State Treasury, Laura Lapeze and Trudy Jackson had a conversation with Jay Ginsberg, General Counsel for the RSD. At the time, the Cash Management Review Board was under the impression that the RSD and OPSB were interested in opening a joint account with the State Treasurer's Office and deposit certain insurance proceeds previously deposited with the Registry of the Court in Orleans Parish. The CMRB thought an Attorney General Opinion was in order; however, the Legal Department of the STO determined that there was no authority to open such an account and was unwilling to ask for the opinion. During the telephone conversation with Jay, it was discovered that the insurance proceeds were already in an escrow account with Chase Bank requiring both parties to agree to any withdrawals and, therefore, there was no need to request an account with STO. Jay indicated to us that the RSD would like to withdraw their application for a new operating account with JP Morgan Chase in New Orleans.