



**MINUTES
CASH MANAGEMENT REVIEW BOARD
MEETING OF JUNE 20, 2013
CITY PLAZA BUILDING
445 NORTH BOULEVARD
7TH FLOOR CONFERENCE ROOM**

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. Marella Houghton called the roll.

MEMBERS PRESENT:

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

OTHER PERSONS PRESENT:

Marella Houghton, State Treasury Fiscal Control Manager and Secretary to the Board
John L. Daniel, JP Morgan Chase, Senior Vice President
Mikki Mathews, JP Morgan Chase, Assistant Vice President
Dana Moore, JP Morgan Chase, Banker, Senior Vice President
Cindi Nee, JP Morgan Chase, Client Relationship Manager
Leshia Woods, Department of Transportation and Development, AFSA
Pam Diez, Department of Health and Hospitals, Fiscal Director

Mr. Afranie Adomako motioned for approval of the minutes for the December 18, 2012 meeting, seconded by Laura Lapeze, and without objection, the minutes were approved.

Agenda Item 4a was submitted by the Louisiana Department of Health and Hospitals (DHH), and was a request for the Cash Management Review Board's (CMRB's) approval to open six (6) new Zero Balance Accounts (ZBAs) with JP Morgan Chase (JPMC) Bank in Baton Rouge for the purpose of facilitating the classification of the self-generated EFT collections received from Magellan Health Services. These collections are for provider claims, and the agency wants to establish a separate account for each human service district. The agency indicated that the other accounts currently established by the agency are used primarily for the collection of self-generated patient fees and Federal EFT Medicare collections, and they do not want to comingle funds because it will require separate research for revenue classification. The six accounts submitted for application are listed as follows:

- Acadiana Area Human Services District
- Capital Area Human Services District
- Central Louisiana
- Florida Parishes
- Imperial Calcasieu
- Metropolitan



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Mr. Adomako inquired as to what are self-generated EFT collections. Pam Diez explained that Magellan is an intermediary service provider and that these funds would be collected via EFT. Mr. Adomako confirmed with Ms. Diez that these new accounts will be collecting different funds than what the other ZBA account currently collect.

Mr. Adomako motioned approval of the request for the six (6) new ZBA accounts submitted by the Louisiana Department of Health and Hospitals (DHH), seconded by Ms. Lapeze, and without objection, Item 4a was approved.

Agenda Item 4b was submitted by the Louisiana Department of Health and Hospitals (DHH), and was a request for the Cash Management Review Board's (CMRB's) approval to repurpose five (5) existing Zero Balance Accounts (ZBAs) at JP Morgan Chase (JPMC) Bank in Baton Rouge for the purpose of facilitating the classification of the self-generated EFT collections received from Magellan Health Services. These collections are for provider claims, and the agency intends to establish a separate account for each human service district. The agency indicated that the other accounts established by the agency are used primarily for the collection of self-generated patient fees and Federal EFT Medicare collections, and they do not want to comingle funds because it will require separate research for revenue classification.

One (1) of the original accounts was approved on 5/29/09 for the purpose of collecting miscellaneous provider fees paid by credit card. The remaining four (4) original accounts were approved on 1/14/10 for the purpose of collecting federal Medicare EFT payments for various Human Service Districts (Bayou, Northwest, Northeast, and Pinecrest). All five of these accounts were recently identified as dormant. The five (5) accounts submitted for application are listed as follows:

- Northeast Delta
- Northwest Louisiana Human Service
- Office of Behavior Health Pinecrest Support
- Villa Feliciana
- South Central Louisiana

Mr. Adomako motioned approval of the request to repurpose the five (5) existing ZBA accounts submitted by the Louisiana Department of Health and Hospitals (DHH), seconded by Ms. Lapeze, and without objection, Item 4b was approved.

Agenda Item 4c was submitted by the Louisiana Department of Health and Hospital (DHH), and was a request for the Cash Management Review Board's (CMRB's) approval to repurpose 3 (three) existing Zero Balance Accounts (ZBAs) at JP Morgan Chase (JPMC) Bank in Baton Rouge for the purpose of facilitating the classification of the federal Medicare EFT collections received from Medicare for provider claims. The agency wants to establish a



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separate account for each human service district to facilitate classification of these funds to the proper agency and means of financing appropriation.

The original accounts were approved on 1/14/10 for the purpose of collecting federal Medicare EFT for various Human Service Districts (Villa, Bayou, and Northwest/GNO). All three accounts were recently identified as dormant accounts. The repurposed accounts for the Human Service Districts will include Acadiana, Central Louisiana, and Imperial Calcasieu. The board identified one ZBA account was recently created for Acadiana in item 4a and is a Magellan account, whereas, this new ZBA for Acadiana would be for Medicare.

Mr. Adomako motioned approval of the request to repurpose the 3 (three) ZBA accounts submitted by the Louisiana Department of Health and Hospitals (DHH), seconded by Ms. Lapeze, and without objection, Item 4c was approved.

Agenda Item 4d was submitted by the Louisiana Department of Health and Hospitals (DHH), and was a request for the Cash Management Review Board's (CMRB's) approval to repurpose two (2) pre-approved Zero Balance Accounts (ZBAs) at JP Morgan Chase (JPMC) Bank in Baton Rouge for the purpose of facilitating the classification of the federal Medicare EFT collections received from Medicare for provider claims. One of the accounts was pre-approved by the Treasury for processing deposits by CNSI through the PRISM system, and the other account was pre-approved by the Treasury for processing Medicaid.

These accounts were pre-approved on 2/19/13, and there have been discussions with DHH personnel about repurposing these accounts since the CNSI contract, which was supposed to go live in August 2014, has not been executed and further negotiations of such contract have been aborted. The 2 (two) repurposed ZBA's will be established for Northeast Delta Human Services Authority and Northwest Louisiana Human Services District.

Mr. Adomako motioned approval of the request to establish and repurpose the 2 (two) ZBA accounts submitted by the Louisiana Department of Health and Hospitals (DHH), seconded by Ms. Lapeze, and without objection, Item 4d was approved.

Agenda Item 4e was submitted by the Louisiana Department of Health and Hospitals (DHH), and was a request for the Cash Management Review Board's (CMRB's) approval to repurpose 1 (one) existing Zero Balance Account (ZBA) at JP Morgan Chase (JPMC) Bank in Baton Rouge for the purpose of processing the deposits associated with the Image Deposit Direct (IDD) service. The original account was approved on 1/14/10 for the purpose of collecting Villa Medicare EFT payments, and is currently a dormant account. The new repurposed account will not be associated with an individual Human Services District, but only for IDD.



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IDD is the process for collecting deposits at the agency location and running the deposits through a scanner. The deposits upload directly to JPMC Bank; therefore, the need to physically transport checks is avoided. Ms. Diez commented that DHH receives approximately 200 to 300 checks at the agency per day and this will facilitate less handling of the checks and faster deposit of funds.

Mr. Adomako motioned approval of the request to repurpose 1 (one) new ZBA account submitted by the Louisiana Department of Health and Hospitals (DHH), seconded by Ms. Lapeze, and without objection, item 4e was approved.

Agenda Item 4f was submitted by the Louisiana Workforce Commission (LWC), and was a request to open a new Zero Balance Account (ZBA) at JP Morgan Chase (JPMC) Bank in Baton Rouge for the purpose of collecting the Worker's Compensation Assessments and is a lockbox clearing account. This account was pre-approved by the State Treasury on 5/16/13.

Mrs. Dana Moore, JPMC Treasury Services Banker, explained that two assessments will be mailed. The first assessment is scheduled to mail in late June/early July and will be due late July. The second assessment will be mailed in November and will be due December. Each assessment should have a volume of 800 items, totaling 1,600 items that will be flowing through the Louisiana Workforce Lockboxes. The Cash Management Review Board (CMRB) contacted Mr. Wayne Knight, the Financial Director at LWC, via telephone. Mr. Knight anticipates the first assessment will have between \$40 million and \$45 million flow through the lockbox, and the second assessment will have between \$12 million and \$14 million flow through the lockbox.

Mr. Adomako motioned approval of the request to open 1 (one) new ZBA account submitted by the Louisiana Workforce Commission (LWC), seconded by Ms. Lapeze, and without objection, item 4f was approved.

Agenda item 4g, submitted by the Recovery School District (RSD), was a request to convert an existing Zero Balance Account (ZBA) at JP Morgan Chase (JPMC) Bank in New Orleans to a Demand Deposit Account (DDA) for the purpose of facilitating school lunch sales to teachers and other adults at its schools. The RSD recently contracted with Process Point, a vendor that provides a service in which school teachers are able to deposit money into an online account for the purpose of purchasing school lunches. The vendor charges \$2.50 per account and requires a minimum \$100 monthly payment for this service; therefore, if that minimum payment amount is not met, the vendor requires RSD to make up the difference to equal a \$100 monthly payment.

The Cash Management Review Board (CMRB) contacted Karen Craig, Chief Financial Officer of the RSD, via telephone to obtain better understanding of RSD's application. Ms.



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Craig explained that Process Point requires \$100 to remain in the account to ensure a monthly minimum payment of at least \$100 can be made to Process Point. The vendor requires access to the account so that the difference between what is collected and what is owed can be directly debited from the account; however, debits are not allowed on ZBA accounts because ZBAs are established with a debit block. RSD's current account is a ZBA with a debit block; therefore, the new contract with Process Point requires the ZBA to be revised to a DDA.

The account is currently being used for the child nutrition lunch account, with only small deposits being made for lunch purchases, and it is being swept daily to the central depository account. RSD explained that the funds in the account are not state monies, but deposits from school staff or student lunch payments.

The CMRB inquired about other options for the conversion of the existing ZBA. Mr. Cole inquired whether the CMRB would approve this type of account, and Mr. Adomako stated that the CMRB would not approve a joint account with the RSD and the vendor as co-owners. Ms. Craig stated that the account is not a joint account, but is a treasury account that includes self-generated revenue used to pay the food vendor. Mr. Adomako inquired about the benefit to the RSD for implementing this program and RSD responded that it would allow teachers to purchase school lunches, eliminate cash collections, and streamline deposits. CMRB and RSD discussed the option of having the account remain a ZBA with a \$100 minimum and removal of the debit block. However, RSD requested that the vendor have access to that account to withdraw up to \$100 per month. RSD also explained that this account would be used for the online staff lunch revenues as well as the continued child nutrition lunch program.

Mr. Adomako expressed concern over whether or not the Board can approve an account that a third party vendor can have access to and debit the account, and this type of decision would set a precedent for future accounts of this type. The RSD stated that they wanted a decision on the request to revise the existing ZBA before the school semester begins, July 29, 2013.

Mr. Adomako motioned to defer this request submitted by the Recovery School District (RSD) to convert an existing ZBA account to a DDA account to the next meeting, Ms. Lapeze seconded the motion, and without objection, item 4f was deferred.

Agenda item 4h was submitted by the Louisiana Department of Transportation and Development (DOTD), and was a request to convert two (2) existing Zero Balance Accounts (ZBAs) at JP Morgan Chase (JPMC) Bank in New Orleans from ZBA accounts to Demand Deposit Accounts (DDAs) until the transfer of the funds in these accounts to Unclaimed Property are finalized. The initial accounts were approved by the Cash Management Review Board (CMRB) on 12/18/12. One account was for Algiers Ferry Tolls and the other for Crescent City Connections Lane Tolls. If approved by the Board, no action is required of



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DOTD because failure to sign the Cash Concentration Form will automatically convert the established accounts to DDAs. Lesha Woods, DOTD Accounting Administrator, explained that the transfer of these funds would be complete by July 1, 2013. Pre-paid tolls of approximately \$7.6 million collected from January 1 to March 5, 2013 must be turned over to Unclaimed Property via legislation, and after one year, a portion of the remaining funds will be given back to DOTD for other purposes.

Mr. Adomako motioned to approve the request to convert two (2) existing ZBA accounts to DDA accounts submitted by the Louisiana Department of Transportation and Development (DOTD), seconded by Ms. Lapeze, and without objection, item 4h was approved.

For informational purposes only, agenda item 5a was submitted by **Southeastern Louisiana University (SLU)** to move seven (7) of its Demand Deposit Accounts (DDAs) from Whitney Bank in Hammond to First Guaranty Bank in Hammond. Treasury verified that First Guaranty Bank was an approved fiscal agent and approved this request on 5/16/13. The University's contract with Whitney Bank expired and through the Request for Proposal (RFP) process, First Guaranty was awarded the contract. The following accounts were included on the request and approved:

- i. Disbursement Account - This is the operating account.
- ii. Payroll Account – This is the payroll account.
- iii. Credit Card Account – This is the account that handles all credit card transactions.
- iv. Endowment Account – This account is used for the deposit of funds for the eminent scholar program funded in part by private donations and in part by the Board of Regents.
- v. Nursing Loan Federal Assistance Account – This account is used for the Federal Nursing Loan Program and a separate account is required by Federal regulations.
- vi. Federal Assistance Perkins Loan Account – This account is used for the Federal Perkins Loan Program, and a separate account is required by Federal regulation.
- vii. Federal Funds Account – This account is used for the U.S. Department of Education Direct Loan Program disbursements and receipts. A separate account is required by Federal regulation.

For informational purposes only, agenda item 5b was submitted by the **University of Louisiana at Monroe (ULM)** to move its Cash Investment Account from JP Morgan Chase Bank to Iberia Bank in Monroe. Treasury verified that Iberia Bank was an approved fiscal



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agent bank and approved this request on 5/16/13. The University wanted to maximize its investment income while maintaining complete safety of its investment.

For informational purposes only, agenda item 5c was submitted by the **Louisiana School for Math, Science, and the Arts (LSMSA)** to move one (1) of its Demand Deposit Accounts (DDAs), the Room Deposit Account, from Exchange Bank & Trust in Natchitoches to the Bank of Montgomery in Natchitoches. The Treasury did verify that Exchange Bank & Trust was an approved fiscal agent bank and approved this request on 4/9/13. This account is a custodial account that is used to hold student room deposits until they are returned or used to make repairs to rooms. The purpose of LSMSA's request was to streamline its banking operations by moving all of its accounts to one bank.

For informational purposes only, agenda item 5d was submitted by the **Louisiana School for Math, Science, and the Arts' (LSMSA)** to move three (3) of its Demand Deposit Accounts (DDAs) from Peoples State Bank in Natchitoches to the Bank of Montgomery in Natchitoches. The Treasury did verify that the Bank of Montgomery was an approved fiscal agent bank and approved this request on 4/9/13. LSMSA's request was due to the current bank being bought, a compromise in the level of service, an increase in banking fees, and to streamline its banking operations by moving all of its accounts to one bank. The following accounts were included on the request and approved:

- viii. School Restricted Account - This account is for foundation and private grant funds.
- ix. Imprest Account – This account is for reimbursement for travel and other small items, as well as clearing receivables associated with doing business.
- x. Agency Funds Account – This is the account that handles all credit card transactions.

For informational purposes only, agenda item 5e was submitted by the **Department of Health and Hospitals, Office of Public Health (DHH-OPH)** to begin utilizing an existing Zero Balance Account (ZBA) that was initially established at JP Morgan Chase (JPMC) Bank in New Orleans for collecting vital records fees via over the counter (OTC) and electronic payments for vital records online services. This account was recently flagged as a dormant account. This account was previously established in 2001, but the signature card was not executed nor the account set up completed. These receipts are currently deposited directly into the central depository account.

For informational purposes only, agenda item 5f was submitted by the State Treasury (STO) to notify the Board that the STO recently received a public records request for a list of dormant accounts for all entities required to deposit with the STO. STO worked cooperatively with JP Morgan Chase (JPMC) Bank to compile such a list. There were a total of 20 dormant



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accounts identified for fiscal year 2011-2012 and the annual cost for maintaining these accounts totaled \$ 6,274. STO will work with JPMC Bank each quarter to identify accounts with no activity for a consecutive twelve-month period. STO is working with agencies to repurpose or close these accounts.

There were no other business topics to be discussed.

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