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**ADDENDUM 001
REQUEST FOR PROPOSALS
COMMERCIAL BANKING SERVICES
RFP NUMBER: 6-050427**

Offerors shall acknowledge receipt of Addendum 001 (ONE) by signing and including it with the original proposal. *The due date for receipt of proposals remains unchanged by this Addendum.* Accordingly, the following questions and answers are believed to be of general interest to all potential Offerors. The original solicitation is hereby changed to the extent stated in the department's response to each question on pages two through four of this amendment. All other terms and conditions remain unchanged and in full force.

Name and Title of Signer (Print or type)	Name and Title of Department Authority Frankie J. Ryan Senior Procurement Specialist General Services - Procurement
Contractor/Offeror Signature _____ (Signature of person authorized to sign)	Department of Transportation (noted as signed in file) _____ (Authorizing Signature)
Offeror's Firm Name: _____	
Date Signed:	Date Signed: April 19, 2005

GENERAL QUESTIONS:

Q1: It was our understanding that the yet to be announced winner of the recent Investment Management Services RFP would be providing Custody/Safekeeping/Securities types of services?

MoDOT did not specifically address the requirements of Security Safekeeping & Custody within the Request for Proposal for Investment Management Services (6-050330). MoDOT will determine the best method of processing security safekeeping and custody transactions after fully reviewing both investment management and banking services proposals.

Q2: There are three areas of the RFP that require services be provided through a Trust Department (Page 6 – bulleted item under (B) Specific Requirements, Page 7 – bulleted item under (B) Specific Requirements and Page 16 - #13. k. i.). XXXX Bank is chartered as a Trust Company, but typically provides the banking services that are requested in the RFP, and noted above, through our Commercial Banking area of the bank. Is that acceptable?

It is our understanding that banks can provide security safekeeping and custody services through either their Commercial Banking or Trust Divisions. However, there is a greater level of protection (in the event of bankruptcy) with securities and investments held within a Bank's Trust Department. If this same level of legal protection is available through the Commercial Banking area of the bank, this may be deemed acceptable.

Q3: In the Technical Questions Section (3), there are 2 references to providing "Investment Sweep" services (in the RFP page 14 #10, and page 16 #13 k.). Why is MoDOT requesting 2 different Sweep mechanisms, a demand deposit sweep and a Trust Department Sweep?

As noted in Question Q2, many banks have these services segregated and offer different options. In the event that the same investment sweep could not be used for demand deposit accounts and custody accounts, we wanted to ask and obtain the necessary information for our evaluation.

Q4: Under section B, Specific Requirements, you indicate that the Offeror will need to have a branch in Jefferson City. We do not currently have a branch in Jefferson City, but feel we can meet your depository account needs through a service we call Corporate Remote Deposit. Remote Deposit allows our clients to capture images of checks at their location and transmit the digitized images to XXXXXX Bank in lieu of depositing the paper checks at a branch. This service provides speed, efficiency and convenience to our clients since they can make their daily deposits without leaving the office. Would a service like this be an acceptable alternative to a physical branch location in Jefferson City?

We are willing to consider this alternative. As part of the proposal, please discuss the processing requirements necessary to implement this solution and outline the differences between your proposed solution and depositing items to a branch deposit. Please disclose the necessary software/hardware required. Also provide all costs (setup and ongoing) that will be incurred related to Corporate Remote Deposit.

Q5: It says that MoDOT'S investment policy allows for investment in Money Market Mutual Funds or Local Government Investment pools. Are you currently utilizing such a fund for the overnight investment of DDA balances or a repo? If a Mutual Fund, what kind is it? (i.e. Treasury, Agency, General etc.)

MoDOT is not currently investing in Money Market Mutual Funds or Local Government Investment pools.

Q6: Please define "immediate pay check" as referenced in Section 3, 4.D.

Positive Pay requires the transmission of data prior to the release of the checks. For checks that are processed out of the normal accounts payable process (i.e. a check written with little or no

advance notice), we want to know how the check information will be entered into your system to avoid a problem at a branch teller or having the item being treated as an exception item.

Q7: Page 5, Section (2) Scope of Work, (B) Specific Requirements. Do any of the demand deposit accounts require two signatures on any checks written?

MTFC: One signature <= \$25,000; One signature and approval from authorized check signer whose name does not appear on the check if > \$25,000

Self Insurance: One signature <= \$10,000; Two signatures > \$10,000; Two signatures and approval from authorized check signer whose name does not appear on the check if > \$25,000

Local Fund: Two signature <= \$100,000; Two signatures and approval from authorized check signer whose name does not appear on the check if > \$100,000

Medical & Life Insurance: One signature <= \$50,000; One signature and approval from authorized check signer whose name does not appear on the check if > \$50,000

Q8: Page 6, Section (2) Scope of Work, (B) Specific Requirements. Provide automated or on-line balance reporting services including serial number sorting and subtotalling on disbursement checks. What type of subtotalling is required?

If unique deposit identification numbers are used, subtotalling by 'departments' or groups.

Q9: Page 13, Section (4) Proposal Submission Information, (C) Required Elements of Proposal (3) Technical Questions. Describe partial and full reconciliation services. What is your definition of a partial reconciliation service?

The bank will provide a detailed electronic file of cleared checks that will be used by MoDOT to reconcile items.

Q10: Page 16, Section (4) Proposal Submission Information, (C) Required Elements of Proposal (3) Technical Questions, 13. Security Safekeeping & Custody, e. Are security transactions settled on an actual or contractual basis? How will you compensate MoDOT for fail float?

Question: What is MoDOT's definition of Fail Float?

When actual settlement is used, Fail Float refers to the cash that remains in the account in circumstances where a broker fails to deliver securities. We want to know at what earnings rate will MoDOT be compensated for these uninvested balances.

Q11: Page 18, Section (4) Proposal Submission Information, (C) Required Elements of Proposal (7) Account Analysis, 5. Describe the bank's policies concerning daylight and end-of-day balance overdrafts. Indicate whether this is applied to each individual account or across all accounts of a client relationship.

Question: Please describe the situations in which MoDOT may need to use daylight overdrafts.

MoDOT does not expect daylight overdrafts to occur on a regular basis. However, there may be instances where an outgoing wire will be entered prior to the actual receipt of an incoming wire or transfer of funds into the account.

General Investment Related Questions

Q12: On average how many bonds will be held in safekeeping each day?

Currently MoDOT has 43 securities totaling approximately \$90 million in face value.

Q13: On average how many of those bonds will be mortgage back securities?

At the present time, MoDOT is not currently investing in any Mortgage Back Securities. The procurement of a new investment advisor could cause this amount to be changed.

Q14: What will be the average number of trades per month?

Based on current investment holdings MoDOT has historically experienced an average of 1-2 trades per month. This amount could increase with the procurement of a new investment advisor.

Q15: On average how many monthly transfers will be made from the trust accounts to other MoDOT accounts?

Based on current investment holdings MoDOT would see an average of 1-2 transfers per month.

Q16: Which bank provides these services now?

Exchange Bank and Central Bank

Q17: Does MODOT currently pay fees or use compensating balances to pay for services?

MoDOT is currently paying for services.

Q18: Which of the accounts listed are deposit accounts and which are disbursement accounts?

Local Fund: Very little activity, only about 5 to 10 checks are written per month.

Self-Insurance Fund: Approximately 1,300 disbursement items are made per month with 10 to 20 deposits.

Medical Plan Account: Approximately 17,500 checks are issued per month with minimal deposit activity.

Missouri Transportation Finance Corporation: Minimal deposit and disbursement activity.

Q19: When the term "activity statement" is used, do you mean bank statement?

Yes.

Q20: Can MODOT provide monthly analysis statement?

Monthly account analysis statements are unavailable. An estimate of the monthly activity is provided in the Attachment III: Pro-Forma Volumes in the RFP.

Q21: What percentage of checks are local vs. out of town?

75% of checks deposited into the accounts are local - it varies with each account

Q22: Can MODOT define parameters of the amount or type of information you are seeking for response to (4) 1. on page 17?

Specifically, MoDOT is interested in learning about the (on-line) systems we would interact with on a frequent basis. Furthermore, a discussion of your institution's (1) ability to provide consistent and ongoing services (system redundancy) and (2) adoption of a disaster recovery system that ensures that bank operations can be continued in the event of a disaster.

Q23: What are the average number of DTC/Fed security holdings per month?

Currently MoDOT has 43 securities totaling approximately \$90 million in face value.

Q24: What are the average number of DTC/Fed purchases/sales per month?

Based on current investment holdings MoDOT has historically experienced an average of 1-2 trades per month. This amount could increase with the procurement of a new investment advisor.

Q25: What are the number of paydowns per month, if any?

On average, MoDOT receives approximately 5 coupon payments per month. This amount could change with the procurement of a new investment advisor.

Q26: What accounting system does MODOT use?

Quickbooks

Q27: What is the average amount of uninvested cash that may be swept to a money market fund?

The average demand deposit account balance across all accounts is \$35 to \$39 million. The balance has historically been in this range, but actual balances will depend in large part on the rate offered on the bank's overnight investment products.

Q28: Does MODOT participate in securities lending? If you are interested in a bid for this service, we would need a listing of assets including cusip, name of the security, number of units held, and market value.

Security lending is not currently used. MoDOT is not currently interested in securities lending at this point in time.

Q29: What type of specific reporting requirements does MODOT anticipate having for custody?

The minimum reporting requirements for security safekeeping and custody are a detailed security listing of assets with market values and a periodic listing of all transactions, preferably monthly.

Q30: Will MODOT utilize courier service, MODOT staff, or Brinks to make deposits?

MoDOT Staff.

Q31: What type of deposit bag is MODOT currently using?

None.

Q32: What type of deposit bag does MODOT prefer?

Standard deposit bag, constructed of heavy-duty materials, that can be sealed (i.e.: snap locked, zipped, "string pulled" closed, etc.).