

Missouri Department of Transportation

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ADDENDUM 001 Request for Proposal Commercial Banking, Investment Management and Security Services RFP 6-140618KH

Offerors should acknowledge receipt of Addendum 001 (ONE) by signing and including it with the original proposal. The due date for receipt of proposal **has not** changed by this Addendum; the due date is **June 18, 2014 2:00PM Local Time**. Accordingly, the following clarifications, and or additional information, are believed to be of general interest to all potential Offerors. 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 Kristi Hixson General Services Senior Specialist
Contractor/Offeror Signature <hr/>	Department of Transportation <i>Kristi Hixson</i> <hr/>
(Signature of person authorized to sign)	(Authorizing Signature)
Date Signed:	Date Signed:06/9/2014

Question:

Is the Missouri Department of Transportation (MoDOT) looking to replace the Central Trust Bank, or is this a fee exercise?

Response:

The current banking services contract expires September 30, 2014 and these services were last bid out in 2009. The Missouri Highways and Transportation Commission (MHTC) has a practice of re-bidding its banking services every three to five years. MoDOT is always open to creating efficiencies, making improvements where possible, taking advantage of new applicable technologies and reviewing its costs. Given the ongoing changes in the banking industry and evolving technologies,



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MoDOT has determined a review of the services offered by qualifying banks is appropriate at this time.

Question:

In Technical Question 2.a, MoDOT asks for information on branch locations in Jefferson City. Is it a mandatory requirement to have a branch location in Jefferson City and/or the State of Missouri?

Response:

A branch location in Jefferson City and/or the State of Missouri is **not** a mandatory requirement as long as the Offeror provides a reasonable solution for processing deposits (including the unlikely event a deposit were to include cash) without a Jefferson City branch location. Currently, the Medical and Life Plan account uses remote deposit services for depositing checks.

Question:

Does MoDOT require a brick and mortar depository location in Jefferson City?

Response:

Please refer to the response for Question No. 2 above.

Question:

Does MoDOT anticipate any cash deposits? How much?

Response:

MoDOT does **not** anticipate having any cash deposits. However, if the Offeror does not have a branch location in Jefferson City, the bank must provide a reasonable solution for handling a cash deposit.

Question:

MoDOT indicates that the financial institution selected must process 105 un-encoded checks per year. How is MoDOT currently depositing these items?

Response:

Currently, when a check is deposited into one of the following accounts: (1) Self Insurance Plan; (2) Missouri Transportation Finance Corporation's (MTFC) Highway Account; (3) MTFC's Transportation Account; or (4) Local Fund, a MoDOT staff member actually walks the deposit to a branch located about two blocks away from our office. The Medical and Life Plan account uses remote deposit services for depositing checks.

Please note the reference to 105 un-encoded checks per year is an estimate and is based upon the actual number of the checks deposited for the 12-months ended April

30, 2014. This estimate is to be used for pricing purposes and is no guarantee of the actual amount of checks that will be deposited in the future.

Question:

In Attachment E, you provide volumes for ACH Credits and ACH Debits. Please clarify if these are incoming ACH debits / credits (originated externally), or if MoDOT is initiating these ACH transactions.

Response:

	ACH Credits		ACH Debits	
	MoDOT Initiated	Externally Originated	MoDOT Initiated	Externally Originated
Self Insurance Fund	0	164	0	0
Medical & Life Insurance Fund	12	607	103	50
MTFC – Highway Fund	0	5	2	0
MTFC – Transportation Fund	4	6	14	0
Local Fund	2	1	63	0
Total	18	783	182	50

Question:

The Self Insurance Plan account has positive pay and also requires additional signatures (over \$10,000) and call verification on checks greater than \$25,000. If a bank is unable to review the signatures on each check and provide the signature verification / call verification would it eliminate their ability to be awarded the business?

Response:

Signature verifications and telephone verifications are required of the bank on checks presented on these accounts which exceed the indicated limits. These requirements are deemed as additional security features for large checks and are a preferred internal control method. These accounts have either three or four director level positions authorized on the accounts. MoDOT staff may be willing to go to a higher level for telephone verification if proposed by the bank. MoDOT staff is also willing to consider eliminating the need for verification if the bank can provide another viable solution as an increased security feature for large checks. If the evaluation team deems there to be additional risk associated with the proposed alternative, this may result in lower points being assigned to the Offeror in the Proposed Method of Performance and Transition category.

Question:

MoDOT indicates that telephone verification is currently being received on checks over \$25,000 and \$100,000 depending on the account. Is this a mandatory requirement?

Response:

Please refer to the response for Question No. 7 above.

Question:

MoDOT indicates that Positive Pay is currently being utilized on some accounts. Is your current bank validating the payee field?

Response:

No, but this is a security feature that MoDOT may be willing to utilize going forward. Please feel free to include in your proposal a summary of the benefits and additional requirements of this feature.

Question:

Does MoDOT own or lease their current RDC scanners? If owned, please provide make and model of current scanners.

Response:

MoDOT does not own or lease RDC scanners. The current scanners used by MoDOT for remote deposit are provided by its current bank. The bank will be required to provide the necessary equipment for remote deposit (see Section (2) (B) 4). For bidding purposes, we have assumed four machines will need to be provided.

Question:

In Section (2) (C) 11. D, MHTC receives "late funds" up to \$5 million. Please provide a time frame that is considered "late in the day".

Response:

We would consider "late in the day" to be approximately 3:00 p.m. or slightly later.

Question:

Does your current provider have fiduciary responsibility and oversight for executing trades and the overall investment performance of your portfolio? If not, please describe how you interface with the current provider when it comes to the decisions to buy or sell assets in the portfolio on a day to day basis.

Response:

Yes and that is our desire for this contract as well. We do not engage in daily communications with the bank's investment staff. When MoDOT staff becomes aware of potential large cash inflows or outflows beyond normal operations, we will communicate this information to the bank's investment staff.

Question:

Is it upon the Investment Advisor / Financial Dealer and Institution to ensure that any Collateralized Mortgage Obligation (CMO) you purchase are acceptable under Federal Financial Institutions Examinations Council (FFIEC) Test? Further, is it on the provider to notify MoDOT should any existing CMO holding stray from FFEIC compliance?

Response:

The answer is yes to both questions. The bank will be responsible for making sure that the investment portfolio remains in compliance with MHTC's Investment Policy at all times.

Question:

Attachment B – Investment Policy, Performance Standards states – “Commercial paper and bankers’ acceptances must be reviewed monthly to determine if the rating level has changed. The commercial paper and bankers’ acceptances should be reviewed for possible sale if the securities are downgraded below the minimum acceptable rating levels.” Who is responsible for this ratings review process?

Response:

The bank's investment staff is responsible for this review. The bank will be responsible for making sure that the investment portfolio remains in compliance with MHTC's Investment Policy at all times.

Question:

All investment sub accounts are in the name of the client's choosing. In addition, all of the bank's customer assets are segregated from those of the bank; however, they are held in “street name”. Is this acceptable?

Response:

The securities must be held at a custody agent in our entities' name.

Question:

Please provide a recent analysis statement showing fees and account activity for all five accounts and the investment services contracted today.

Response:

The current banking contract does not charge fees for banking activities. As a result, MoDOT does not receive a monthly account analysis reporting account activities. For informational purposes for this RFP, Attachment A was prepared to report the monthly account activities by account for the 12-months ending April 30, 2014.

The current banking contract allows for investment service fees and is set at 11 basis points on the average market value of the MHTC's investment portfolio. The

investment fee is not applied to the balance of Overnight Repurchase Agreements. Exhibit 1 represents the actual investment services fee calculations for the month of April 2014 as provided by our current bank.

Question:

Is the agency paying a separate management fee for the investment services? If so, what is the fee structure and/or how is the bank compensated for the investment services?

Response:

Please refer to the response for Question No. 16 above. The investment services fee is debited from the account around the middle of the next month.

Question:

Please provide the account details for each of the 5 investment accounts: (1) Fund / Manager Name; (2) Market Value; and (3) if separately managed, number of holdings and trade volumes.

Response:

All of five of the investment accounts are currently being managed by investment staff at our current bank. Attachment A of the RFP provides the ending market values of the investments for each account for the 12 months of May 2013 through April 2014. As addressed in the RFP (Current Account Features - page 5), for legal purposes the five accounts must be maintained separately and funds **cannot** be commingled.

Exhibit 2 provides additional information regarding the numbers and types of investments held and the trade volumes.

Question:

What Enterprise Resource Planning (ERP) system is MoDOT currently utilizing?

Response:

MoDOT does not utilize a fully integrated ERP system for these accounts. QuickBooks is used for accounting transaction data and the financial statements are prepared in Excel. The Self Insurance Plan uses RiskMaster and Medical and Life Plan uses PeopleSoft as their main database.

Question:

The RFP requests one Original, five copies, and one electronic copy via CD. The bank does not allow employees to export files to a CD-ROM for security purposes. Would you accept an electronic copy via Secured email instead?

Response:

If you're unable to provide a CD, we can accept an electronic copy via secured e-mail to Kristi.Hixson@modot.mo.gov.

Question:

Is the agency willing to consider an extension of the deadline for submission of proposals? If so, we would respectfully request an additional two weeks (7/2/2014) for the preparation of the response.

Response:

No, in order to stay within our internal deadlines, MoDOT is requiring the proposal be submitted by 2:00 p.m. on June 18, 2014.

Question:

Can you please provide to me a copy of the RFP in WORD.doc format?

Response:

The entire RFP document cannot be provided in Word format. However, attached below this Addendum 001 is Exhibit C which is Section (2) (C) the Technical Questions portion of the RFP in Word format.

**MODOT LOCAL FUND
 Managed Account Billing
 April-14
 Account # [REDACTED]
 Institution # [REDACTED]**

Mkt Value of Investments

1-Apr	\$37,000,998.71
2-Apr	\$36,998,624.82
3-Apr	\$36,983,636.79
4-Apr	\$36,986,684.97
5-Apr	\$36,986,684.97
6-Apr	\$36,986,684.97
7-Apr	\$37,008,413.24
8-Apr	\$37,019,705.86
9-Apr	\$36,886,673.09
10-Apr	\$36,889,879.16
11-Apr	\$26,942,520.63
12-Apr	\$26,942,520.63
13-Apr	\$26,942,520.63
14-Apr	\$26,942,869.61
15-Apr	\$26,827,133.14
16-Apr	\$26,827,187.65
17-Apr	\$26,826,019.18
18-Apr	\$26,804,840.22
19-Apr	\$26,804,840.22
20-Apr	\$26,804,840.22
21-Apr	\$26,804,840.22
22-Apr	\$26,809,972.33
23-Apr	\$26,809,392.02
24-Apr	\$26,809,526.87
25-Apr	\$26,809,346.04
26-Apr	\$26,809,346.04
27-Apr	\$26,809,346.04
28-Apr	\$26,808,694.85
29-Apr	\$26,808,913.87
30-Apr	\$26,864,740.01

Avg. Daily Market
 Value of Investments = **\$30,218,579.90**

$$\frac{30,218,580 \times 0.0011}{12} = \$2,770.04$$

TOTAL DUE:

\$2,770.04

OK
 DF

Average Balance **\$30,218,579.90**

Note: Please be advised that on May 14, 2014 your account will be debited for the above amount.

MODOT SELF INSURANCE
Managed Account Billing
April-14
Account # [REDACTED]
Institution # [REDACTED]

Mkt Value of Investments

1-Apr	\$83,778,714.34
2-Apr	\$83,775,895.79
3-Apr	\$83,766,931.70
4-Apr	\$83,771,391.82
5-Apr	\$83,771,391.82
6-Apr	\$83,771,391.82
7-Apr	\$83,788,254.96
8-Apr	\$83,789,086.16
9-Apr	\$83,357,445.95
10-Apr	\$83,363,123.46
11-Apr	\$83,374,852.19
12-Apr	\$83,374,852.19
13-Apr	\$83,374,852.19
14-Apr	\$83,373,902.42
15-Apr	\$83,200,017.32
16-Apr	\$83,186,264.52
17-Apr	\$83,178,772.57
18-Apr	\$83,014,306.48
19-Apr	\$83,014,306.48
20-Apr	\$83,014,306.48
21-Apr	\$83,014,306.48
22-Apr	\$83,015,361.72
23-Apr	\$83,014,215.34
24-Apr	\$83,018,197.26
25-Apr	\$83,020,007.87
26-Apr	\$83,020,007.87
27-Apr	\$83,020,007.87
28-Apr	\$83,015,415.02
29-Apr	\$83,034,338.67
30-Apr	\$83,174,237.23

Avg. Daily Market Value
of Investments

\$83,312,871.87

$$\frac{83,312,872 \times 0.0011}{12} = \$7,637.01$$

TOTAL DUE:

\$7,637.01

OK
DF

Average Balance **\$83,312,871.87**

Note: Please be advised that on May 14, 2014 your account will be debited for the above amount.

**MODOT MED/LIFE
 Managed Account Billing
 April-14
 Account # [REDACTED]
 Institution # [REDACTED]**

Mkt Value of Investments

1-Apr	\$41,970,128.33
2-Apr	\$41,970,128.33
3-Apr	\$41,970,128.33
4-Apr	\$41,970,128.33
5-Apr	\$41,970,128.33
6-Apr	\$41,970,128.33
7-Apr	\$41,970,128.33
8-Apr	\$41,970,128.33
9-Apr	\$41,755,164.31
10-Apr	\$41,755,164.31
11-Apr	\$41,755,164.31
12-Apr	\$41,755,164.31
13-Apr	\$41,755,164.31
14-Apr	\$41,755,164.31
15-Apr	\$41,626,529.24
16-Apr	\$41,626,529.24
17-Apr	\$41,626,529.24
18-Apr	\$41,554,641.19
19-Apr	\$41,554,641.19
20-Apr	\$41,554,641.19
21-Apr	\$41,554,641.19
22-Apr	\$41,554,641.19
23-Apr	\$41,554,641.19
24-Apr	\$41,554,641.19
25-Apr	\$41,554,641.19
26-Apr	\$41,554,641.19
27-Apr	\$41,554,641.19
28-Apr	\$41,561,093.31
29-Apr	\$41,561,093.31
30-Apr	\$41,621,438.20

Avg. Daily Market
 Value of Investments **\$41,715,387.90**

$$\frac{41,715,388 \times 0.0011}{12} = \$3,823.91$$

TOTAL DUE:

\$3,823.91

OK
 (DF)

Average Balance **\$41,715,387.90**

Note: Please be advised that on May 14, 2014 your account will be debited for the above amount.

**MODOT MTFC
Managed Account Billing
April-14**

Account #'s [REDACTED]
Institution # [REDACTED]

Mkt Value of Investments

1-Apr	\$31,275,762.70
2-Apr	\$31,273,592.70
3-Apr	\$31,264,092.70
4-Apr	\$31,265,892.70
5-Apr	\$31,265,892.70
6-Apr	\$31,265,892.70
7-Apr	\$31,281,072.70
8-Apr	\$31,287,322.70
9-Apr	\$31,263,900.12
10-Apr	\$31,267,301.12
11-Apr	\$31,279,471.12
12-Apr	\$31,279,471.12
13-Apr	\$31,279,471.12
14-Apr	\$31,283,961.12
15-Apr	\$31,277,296.43
16-Apr	\$31,221,776.21
17-Apr	\$31,277,296.43
18-Apr	\$31,212,666.21
19-Apr	\$31,212,667.21
20-Apr	\$31,212,668.21
21-Apr	\$31,212,666.21
22-Apr	\$31,202,996.21
23-Apr	\$31,200,066.21
24-Apr	\$31,206,026.21
25-Apr	\$31,201,536.21
26-Apr	\$31,201,536.21
27-Apr	\$31,201,536.21
28-Apr	\$31,203,446.21
29-Apr	\$33,814,512.61
30-Apr	\$33,847,727.83

Avg. Daily Market
Value of Investments **\$31,417,983.94**

31,417,984 x 0.0011 = \$2,879.98

TOTAL DUE: \$2,879.98
Bill to Account [REDACTED]

OK
DF

Account	Highway	Transportation	Totals
Account #	[REDACTED]	[REDACTED]	
Market Value Inv.	\$5,496,953.10	\$28,350,774.73	\$33,847,727.83
Pct Value	16.24%	83.76%	100.00%
Billed Amt	\$467.72	\$2,412.26	\$2,879.98

Average Balance **\$31,417,983.94**

Note: Please be advised that on May 14, 2014, your account will be debited for the above amount.

Missouri Department of Transportation

Addendum 001 Exhibit 2 - Securities Information

Market Value of Securities & Overnight Repurchase Agreements as of April 30, 2014

Account	Cash & Certificate of Deposit	Overnight Repurchase Agreements	Government Agencies Securities	Mortgage Backed Securities	Collateralized Mortgage Obligation Securities	Total Securities
Local Fund	\$4,604.03	\$25,037,584.67	\$15,552,346.40	\$1,486,237.85	\$9,826,153.48	\$51,906,926.43
Self Insurance Plan	\$70.45	\$5,331,323.38	\$31,060,287.40	\$4,974,291.20	\$47,139,665.54	\$88,505,637.97
Medical & Life Insurance Plan	\$100,030.34	\$7,910,472.72	\$13,434,799.20	\$3,846,287.66	\$24,340,363.65	\$49,631,953.57
MTFC - Highway	\$14.56	\$3,797,059.21	\$5,001,540.00	\$495,412.62	\$0.00	\$9,294,026.39
MTFC - Transportation	\$32.09	\$8,365,598.89	\$25,813,410.00	\$495,412.62	\$2,041,946.70	\$36,716,400.30
Total	\$104,751.47	\$50,442,038.87	\$90,862,383.00	\$11,297,641.95	\$83,348,129.37	\$236,054,944.66

Number of Securities Held as of April 30, 2014

	Government Agencies Securities	Mortgage Backed Securities	Collateralized Mortgage Obligation Securities	Total Securities
Local Fund	9	1	14	24
Self Insurance Plan	24	6	52	82
Medical & Life Insurance Plan	12	4	36	52
MTFC - Highway	4	1	0	5
MTFC - Transportation	14	1	2	17
Total	63	13	104	180

Trade Volumes for the 12-months ending April 30, 2014

	Securities Purchased	Securities Sold	Securities Called	Securities Matured	Total Trade Volumes
Local Fund	10	4	15	4	33
Self Insurance Plan	16	1	2	6	25
Medical & Life Insurance Plan	12	2	3	2	19
MTFC - Highway	5	0	1	1	7
MTFC - Transportation	17	0	3	4	24
Total	60	7	24	17	108