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REQUEST FOR PROPOSALS

Commercial Banking, Investment Management and Security Safekeeping Services RFP 6-090622FR

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ATTACHMENTS:

- Attachment A – Banking Statistics** (6 tabs – also published as worksheet on web page)
- Attachment B – Investment Policy** (7 pages)
- Attachment C – Affidavit of Work Authorization** (1 page)
- Attachment D – Pricing Table** (3 tabs – also published as worksheet on web page)

LIST OF ACRONYMS:

- MHTC** Missouri Highways and Transportation Commission
- MoDOT** Missouri Department of Transportation
- RFP** Request for Proposals

INTRODUCTION

This Request For Proposals (**RFP**) seeks proposals from qualified organizations (**Offeror**) to furnish the described services to the Missouri Highways and Transportation Commission (**MHTC**). **One (1) original, three (3) copies and an electronic copy on CD-ROM of each proposal** must be mailed in a sealed envelope to Ms. Frankie Ryan, Missouri Department of Transportation - General Services, Post Office Box 270, Jefferson City, Missouri 65102, or hand-delivered in a sealed envelope to Ms. Frankie J. Ryan, Missouri Department of Transportation - General Services, 830 MoDOT Drive, Jefferson City, MO 65109. **Proposals must be returned to the office of Ms. Frankie J. Ryan no later than 4:00 p.m., June 22, 2009.**

MHTC reserves the right to reject any and all bids for any reason whatsoever. Time is of the essence for responding to the RFP within the submission deadlines.

PROPOSAL

- (1) The Offeror shall provide a fee proposal to MHTC on the **Pricing Table** in accordance with the terms of this RFP.

- (2) The Offeror agrees to provide the services at the fees quoted, under the terms of this RFP.

Authorized Signature of Offeror: _____

Date of Proposal: _____

Printed or Typed Name: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

Electronic Mail Address: _____

ACCEPTANCE

This proposal is accepted by MHTC.

(Name and Title)

Date

**SECTION (1):
GENERAL DESCRIPTION AND BACKGROUND**

- (A) **Request for Proposal:** This document constitutes a RFP and is requesting a response from qualified organizations to provide commercial banking, investment management and security safekeeping services to MHTC and the Missouri Department of Transportation (MoDOT).
- (B) **Background:** MHTC is accepting written proposals from financial institutions (banks) to serve as its commercial banking, investment management and security safekeeping services provider. MHTC currently maintains five checking and investment management accounts for the following affiliated operations:
- Missouri Department of Transportation's Local Fund;
 - Missouri Department of Transportation and Missouri State Highway Patrol's Self Insurance Plan;
 - Missouri Department of Transportation and Missouri State Highway Patrol's Medical and Life Insurance Plan;
 - Missouri Transportation Finance Corporation's Highway Account; and
 - Missouri Transportation Finance Corporation's Transportation Account.

General Description

Given the ongoing changes in the banking industry and evolving technologies, MoDOT has determined that a review of the services offered by qualifying banks is appropriate at this time. MoDOT wishes to create efficiencies, make improvements where possible, take advantage of new applicable technologies and review its costs. MoDOT is interested in selecting one bank to provide the commercial banking, investment management and security safekeeping services described in this RFP.

Current Account Features

MoDOT administers five checking / investment management accounts on behalf of the MHTC under three separate tax identification numbers. MHTC has the authority to hold these funds outside the state treasury. For legal purposes, the five checking / investment management accounts must be maintained separately from each account and funds cannot be commingled among the accounts.

Professional investment managers assigned to the accounts actively manage the current investment portfolios within the parameters of the MHTC's Investment Policy with limited advice from MoDOT staff regarding security type. As of April 30, 2009, the five investment portfolios held approximately 145 securities in total, with annual trade volumes estimated at 700 trades. The market value for the accounts in total as of April 30, 2009 was approximately \$191 million with \$93 million held in U.S. government agencies, \$30

million in mortgage backed securities and \$68 million in collateralized mortgage obligations.

1. Missouri Department of Transportation's Local Fund

MHTC is authorized to accept and receive as trustee, monies from outside entities for transportation-related activities. After MoDOT directly pays for the acquisition, construction, development, improvement, operation and maintenance of the transportation projects from monies held within the state treasury, MoDOT then transfers monies from the Local Fund to the state treasury to reimburse MoDOT for the portion of funds agreed to by the outside entity. MoDOT generally credits the outside entity with interest while funds are on deposit in the Local Fund. Upon completion of the project and payment of the final invoice, and if any funds remain, MoDOT will issue a refund to the outside entity from the Local Fund to close the project out.

This account is a basic checking account with minimal transactions (see Attachment A – Page 2). This account will not utilize positive pay and will require one signature on checks of \$100,000 or less and two signatures and telephone verification on checks greater than \$100,000. Overnight repurchase agreements average approximately \$6.7 million with investments averaging approximately \$40.1 million for this fund.

2. Missouri Department of Transportation and Missouri State Highway Patrol's Self Insurance Plan

The Missouri Department of Transportation and Missouri State Highway Patrol's Self Insurance Plan (Self Insurance Plan) covers all risk exposures related to property damage, fleet liability, general liability and workers' compensation. This account is used to pay claims or judgments for damages to a person due to incidents involving MoDOT vehicles or from a dangerous condition of MoDOT's property. This account is also used to pay for injuries sustained to employees on the job as a direct result of employment with MoDOT or the Missouri State Highway Patrol (MSHP). MoDOT and the MSHP transfer state funds into this account to fund their self-insurance programs.

Currently, this account clears about 8,740 checks per year (see Attachment A – Page 3), utilizes positive pay and full account reconciliation, and receives images of the cleared checks on CD-ROM monthly. This account will require one signature on checks of \$100,000 or less and two signatures and telephone verification on checks greater than \$100,000. Overnight repurchase agreements average approximately \$4.1 million with investments averaging approximately \$63.2 million for this fund.

The Self Insurance Plan is required to hold a U.S. Treasury security with a market and par value of at least \$200,000 and be pledged to the Division of Workers Compensation.

3. Missouri Department of Transportation and Missouri State Highway Patrol's Medical and Life Insurance Plan

The Missouri Department of Transportation and Missouri State Highway Patrol's Medical and Life Insurance Plan (Medical and Life Plan) covers all enrolled employees and retirees of MoDOT and the MSHP, as well as enrolled spouses and dependents of the subscribers. The Medical Plan is a self-insured medical plan and the Life Insurance Plan is fully insured. This account is used to pay for medical and prescription claims for all enrolled members of the Medical and Life Plan. In addition, this account is used to pay for any services provided by various contracted vendors who provide administration or professional services pertaining to the administration of the Medical and Life Plan. Premiums for the Life Insurance Plan also pass through this account. MoDOT, MSHP, and employees and retirees of the two agencies deposit state contributions and subscriber premium contributions into this account to fund the Medical and Life Plan and to pay premiums for group life insurance coverage. Prescription drug rebates and Medicare Part D subsidies are also deposited in this account.

Over the past twelve months this account cleared about 232,000 checks per year (see Attachment A – Page 4), but due to a process change with a new claims administrator, MoDOT anticipates this account will only clear about 600 checks per year. Under the new process, the claims administrator directly issues the claim checks on their account and initiates a wire transfer daily out of this account to cover the checks clearing for the day on their account. This account will continue to utilize remote deposit, positive pay, full account reconciliation and receive images of the cleared checks on CD-ROM monthly. This account will require only one signature on all checks. Overnight repurchase agreements average approximately \$7.9 million with investments averaging approximately \$25.1 million for this fund.

The Medical and Life Plan is required to maintain a Certificate of Deposit in the amount of \$100,000 as a security pledge for the Medicare Drug Plan.

4. Missouri Transportation Finance Corporation's Highway Account

The Missouri Transportation Finance Corporation (MTFC) is a not-for-profit corporation associated with MHTC which focuses on funding Missouri highway and transportation projects by offering financing options such as low interest direct loans to private and public entities. The MTFC was originally capitalized with a mixture of federal and state funds. This account represents the state funded portion of the revolving loan program. This account is used to disburse loan proceeds to, and collect loan payments from, the borrowers.

This account is a basic checking account with minimal transactions (see Attachment A – Page 5). This account will not utilize positive pay and will require one signature on

checks of \$100,000 or less and two signatures and telephone verification on checks greater than \$100,000. Fund balances in this account are expected to decrease as the loan program lends out funds in the next few years. Overnight repurchase agreements are projected to average approximately \$1.0 million with investments averaging approximately \$5.5 million going forward.

5. Missouri Transportation Finance Corporation's Transportation Account

This account represents the MTFC's federal funded portion of the revolving loan program and must be kept separate from the state funds. This account is also used to disburse loan proceeds to, and collect loan payments from, the borrowers and transfer funds to MoDOT for reimbursements of operating expenses paid directly by MoDOT.

This account is a basic checking account with minimal transactions (see Attachment A – Page 6). This account will not utilize positive pay and will require one signature on checks of \$100,000 or less and two signatures and telephone verification on checks greater than \$100,000. Fund balances in this account are also expected to decrease as the loan program lends out funds in the next few years. Overnight repurchase agreements are projected to average approximately \$2.0 million with investments averaging approximately \$16.0 million going forward.

(C) **Contract Effective Date:** This RFP is issued to select one bank to provide commercial banking, investment management and security safekeeping services **for an initial three-year period** commencing on September 14, 2009 through September 30, 2012 with the option of MHTC to renew for two (2) additional one-year periods, or any portion therein. MHTC's current contract with Central Trust Bank expires on September 13, 2009.

(D) **Anticipated Timeline.** The below timeline is subject to modification based on the needs and best interests of MHTC:

Issue RFP	May 29, 2009
Written Questions Due by 4:00 p.m.	June 10, 2009
Question & Answer Addendum Issued	June 15, 2009
Proposals Due by 4:00 p.m.	June 22, 2009
Evaluation Recommendation	July 28, 2009
Contingent Award to Winning Offeror	July 29, 2009
MHTC To Review & Finalize Contract Award	September 2, 2009
Notice to Proceed & Effective Date of Contract	September 14, 2009

**SECTION (2):
SCOPE OF WORK**

(A) **Services:** The Offeror shall provide commercial banking, investment management and security safekeeping services as described herein. If an alternative solution is as cost effective and meets the same intent of the required service, the Offeror will be considered to have met the scope of work.

(B) **Specific Requirements:** The Offeror will provide to the Buyer of Record, Ms. Frankie J. Ryan, one (1) original, three (3) copies, and an electronic copy on CD-ROM of a program proposal which will include, but not necessarily be limited to, the following services:

1. Establish five separate checking accounts to meet the banking requirements of MHTC and maintain accurate records of activities in the accounts;
2. Process the deposit of approximately 1,000 un-encoded checks per year;
3. Provide equipment for remote deposits;
4. Process approximately 9,350 disbursement checks per year;
5. Provide electronic positive pay services on selected accounts;
6. Accept and send Automated Clearing House (ACH) transactions;
7. Provide an on-line service capable of initiating manual ACH debits from MHTC accounts (cash disbursement) and ACH Credits sweeping monies from non-MHTC accounts into MHTC accounts (cash concentration);
8. Disburse funds via wire transfer upon written request of authorized personnel and/or provide a secure electronic method for wiring funds;
9. Process daily wire transfers initiated by the Medical and Life Plan's claims administrator to automatically sweep funds out of Medical and Life Plan's checking account without being approved by MoDOT staff (i.e., without a call-back);
10. Provide a secure electronic method for initiating intra-bank transfers between the MHTC accounts;
11. Provide ACH debit blocking and filtering services to ensure unauthorized debits are not posted to the accounts;
12. Provide on-line banking reporting services;
13. Provide partial and/or full account reconciliation reports for the checking accounts utilizing positive pay services;
14. Provide stop payment services;
15. Provide CD-ROM imaging (front and back) of disbursement checks;
16. Provide an overnight investment service (sweep) for excess cash balances in the checking accounts (see Section V of Attachment B – Pages 4 and 5 for a list of acceptable overnight investments);
17. Collateralize all balances (collected and uncollected) in excess of balances insured by the Federal Deposit Insurance Corporation (see Section V. 4 and 5 of Attachment B – Page 5 for collateral requirements);

18. Provide daily reports confirming full collateralization of funds and monthly reports indicating the market value of securities pledged as collateral;
19. Establish five separate investment accounts to meet the investment management and security safekeeping service requirements of MHTC and maintain accurate records of activities in the accounts;
20. Actively manage the portfolio within the parameters of MHTC's Investment Policy (see Attachment B) and cash-flow projections with limited advice from MoDOT staff;
21. Assure all securities and cash held by a custodian shall be segregated from assets of others and shall be and remain the sole property of MHTC. The securities held by the custodian shall, unless payable to the bearer, be registered in the name of the MHTC;
22. Process security trades per instructions sent by authorized MoDOT staff, when applicable;
23. Collect all coupons, other period income and principal on securities held and process as appropriate;
24. Create, maintain and retain all records relating to securities held in custody in the accounts to meet the requirements and obligations under generally accepted accounting principles, including but not limited to, fiscal year-end information reporting investments that are highly sensitive to interest rate changes, the effective maturities of investments and ratings of investments;
25. Communicate all trade confirmations, call notices, maturity notices and reorganization notices in duplicate to MoDOT;
26. Provide monthly activity statements and reports for all checking accounts by the 2nd business day of the following month;
27. Provide monthly activity statements and reports including the market value of all portfolio holdings for all investment accounts by the 2nd business day of the following month;
28. Provide a detailed monthly analysis statement for each individual account and a consolidated statement showing charges for all account services by the 7th business day of the following month or sooner if available;
29. Provide monthly investment reports showing such items as the portfolio composition by security type, market valuation, weighted average yield, weighted average life, etc. by the 7th business day of the following month or sooner if available;
30. Keep MoDOT staff informed of Offeror's current investment strategies and seek approval before making significant changes to Offeror's investment strategies;
31. Conduct semi-annual meetings in Jefferson City to review account service performance, investment portfolios, investment strategies, etc.; and
32. Work with MoDOT staff to modify the MHTC's Investment Policy when appropriate.

(C) Technical Questions:

1. Confirmation of Scope of Work:

Confirm the bank is able to provide all of the required services described in Section 2 - Scope of Work.

2. Deposit Processing:

- a. Identify branch locations within Jefferson City. Provide addresses for each location. If the bank does not have a branch location in Jefferson City, describe a reasonable solution if, in a very rare event, a deposit would contain cash.
- b. What is the ledger cut-off time for deposits?
- c. Describe the bank's remote deposit features, including any limits on the number of checks per deposit, the capabilities of one machine being able to make deposits into different accounts, etc. Describe the detailed steps necessary for MoDOT staff to process a remote deposit, including the steps for processing an item the equipment cannot read. Provide sample reports available through the equipment.
- d. Does the bank provide the remote deposit equipment? Is the bank willing to provide a minimum of three remote deposit machines? Are there charges associated with the remote deposit equipment?
- e. If a deposit is taken to an actual branch, what type of deposit bags does the bank allow/require? Does the bank provide these bags? Does the bank charge a fee for these bags? Are there any restrictions on deposit bags provided by the customer? Does the bank limit the number of deposit tickets that can be included in one deposit bag?
- f. How and when will the bank notify MoDOT of a deposit error correction? Provide a sample deposit correction notice.
- g. Are returned items automatically redeposited? If so, how many times? Are there additional charges for redeposited items?
- h. How and when will the bank notify MoDOT of returned items? Do the notifications include the payer's name and reason for the return? Provide a sample returned item notification.

3. Availability

Provide a copy of the proposed availability schedule for this RFP. If this is not the best availability schedule, quantify the difference and explain how MHTC can obtain the bank's best availability schedule. Describe the extra charge, if any, for obtaining the bank's best availability schedule.

4. Positive Pay

- a. Describe the bank's ability to provide positive pay services and its features including the ability to manually add checks to and remove cancelled checks from the outstanding check file.
- b. Currently, MoDOT staff is uploading a text file with the check issuance data into the bank's on-line system. Can the bank accept this format? If not, what other transmission options are available?
- c. What is the deadline for the transmission of check issuance files to the bank?
- d. How would MoDOT notify the bank of an "immediate pay check" (i.e., a check that is processed out of the normal process)?
- e. What options are available for notifying MoDOT of rejected items? How much time will MoDOT have to review discrepancies and notify the bank to reject or process the item? Provide sample notification reports.

5. Account Reconciliation

Describe partial and full reconciliation services available. Provide sample reports. With regards to the reports, what are the available formats (e.g., on-line, hard copy, etc.) and how will MoDOT staff be informed that the information is available (e.g., telephone, mail, e-mail, fax, etc.)? How soon after the cut-off date will the CD-ROMs of paid checks be available?

6. Stop Payments

- a. How are stop payments orders placed? Can stop payments be placed on-line? Provide a screen print of the on-line process.
- b. What is the deadline for same day action?
- c. How long will the stops remain in effect? Will MoDOT staff be notified and in what format when they expire?

7. ACH Processing

- a. Describe the bank's ACH service in detail.
- b. What are the different ACH file transmission options available to MoDOT?
- c. What are the transmission deadlines for ACH files? When does the bank need the file from MoDOT and when are funds debited from MoDOT's account?

- d. Describe any steps the bank uses to verify the accuracy of file contents / file totals for transmissions originated by MoDOT.
- e. Describe the bank's ACH return process. Within what time frame will MoDOT staff be notified of the return and by what means (e.g., telephone, mail, e-mail, fax, etc.)?
- f. Describe the bank's ability to block unauthorized ACH Debits. If the bank provides ACH debit blocking, what level of filtering can be applied?
- g. In the event an unauthorized debit has occurred, describe the detailed steps necessary by MoDOT staff to get this item corrected and funds credited back to the account.

8. Wire Transfers

- a. Describe the bank's secure electronic method for wiring funds. Describe the detailed steps and security procedures necessary by MoDOT staff to process a wire transfer on-line. Provide screen prints and reports.
- b. Will the bank process wire transfers on behalf of MHTC with written instruction?
- c. What is the cut-off time for same-day wire transfers? Describe controls for wire transfers.
- d. Does the bank have a notification feature for in-coming wires? How and when would MoDOT staff be notified of receiving an in-coming wire transfer? Provide a sample of the report.

9. Overdraft Charges

- a. What are the fees and interest charges associated with overdrafts? How are these charges calculated?
- b. Is there a fee per check or per occurrence when there is an overdraft?
- c. Is there a daily cap on fees?

10. Daylight Overdrafts

- a. Describe the bank's policies concerning daylight and associated charges. Indicate whether this is applied to each individual account or across all accounts of a client relationship. Explain steps necessary to increase the limit for any given day.

- b. Does the bank continue to process wire transfers when the intra-day limit is reached? Explain the bank's procedures.
- c. If the bank incurs a daylight overdraft charge from the Federal Reserve, does the bank pass this charge on to its customers? If so, how are the charges allocated among the bank's customers and in what form (e.g., intra-day loan, daylight overdraft facility fees, etc.)?

11. Overnight Repurchase Agreement Sweeps and Collateral

- a. Describe the bank's overnight repurchase agreement (overnight repos) sweep product / process. Is it an automatic process?
- b. What type of securities does the bank propose to use as collateral for overnight repos?
- c. Describe in detail how the bank guarantees to provide full collateralization of MHTC funds held in overnight repos. Provide sample reports that can be used by MoDOT staff to confirm daily that MHTC funds held in overnight repos are fully collateralized. How often does the bank estimate the market values of the pledged securities to assure the current market values are greater than the funds held in overnight repos? How often and in what format would the bank share this information with MoDOT staff? Provide a sample report indicating market values.
- d. On occasion, MHTC receives wired funds and/or deposits a check late in the day in an amount up to \$3.0 million. Describe in detail how the bank would guarantee to provide full collateralization of these late funds.
- e. What outside entity does the bank propose to serve as the designated custodial agent for the securities pledged as collateral to MHTC for overnight repos? When and in what format will MoDOT staff receive confirmation that the pledge has been placed on the security with the designated custodial agent? Does the designated custodial agent provide any month-end balancing reports? Provide a sample of a pledge confirmation report and a month-end balancing report.
- f. Describe the detailed steps necessary by MoDOT staff to release a security pledge with the designated custodial agent. When and what format will MoDOT staff receive confirmation that the pledge has been released on the security? Provide a sample of a release confirmation.
- g. Provide the bank's deadlines for purchasing overnight repos.
- h. Will the earnings rate credited on overnight repos be applied to the entire balance? If not, what percent of the overnight repos will earn interest?

- i. Does the bank charge fees to invest funds into overnight repos? If so, how are the fees calculated?

12. Investments

- a. Describe the bank's investment management philosophy including the approach to managing governmental funds.
- b. Describe how the bank proposes to manage the different portfolios (e.g., by a team or individual manager). Is talent concentrated or spread across the organization?
- c. What are the primary strategies employed by the bank for adding value to a portfolio (e.g., market timing, credit research, etc.)?
- d. Describe the in-house technical and research support services available. What other sources are used on a regular basis?
- e. Describe the approach utilized by the bank to keep its portfolio managers informed of developments relevant to the management of governmental funds and how it plans to share this information with MoDOT staff.
- f. How does the bank propose to handle fluctuating cash flows and cash forecasting processes? Describe how the bank would handle a request for disbursement of invested funds within a day or two of up to \$3.0 million with very little notice. In addition, describe how the bank would handle investing funds received late in the day.
- g. Describe the investment program the bank is proposing for the MHTC, including the type of securities proposed to be purchased, how the funds will be managed after the initial investments are made and how the bank will provide sufficient liquidity.
- h. Provide the bank's investment performance with an investment horizon of approximately one to three years compared to an appropriate benchmark for the most recent five years. Provide annualized quarterly returns, gross of all management fees.
- i. Provide recommendations regarding performance benchmarks for a portfolio similar to that of MHTC.
- j. How frequently does the bank suggest making contact with MoDOT staff to discuss investments? Who will make the contact?

- k. Describe the investment accounting and reporting system used by the bank and whether it complies with Association for Investment Management and Research (AIMR) standards.
- l. Describe the frequency and format of reports that will be provided, including the methods and formulas used to calculate yield and performance. Provide a sample of all reports that will be provided.
- m. Describe how the bank plans to communicate trade confirmation notices, call notices, etc. in duplicate to MoDOT staff. Provide a sample copy of each type of notice generated by the bank's investment system.

13. Security Safekeeping & Custody

- a. Provide a list of the total number of custodial accounts and market values of the accounts as of December 31, 2007 and 2008 and May 31, 2009.
- b. Briefly describe how the bank handles securities processing on behalf of its clients for each of the items listed below. Where automated processing is available, indicate the nature of the automation and level of availability.
 - i. Receipt of trade instructions including same-day (cash) trades.
 - ii. Notification of settled trades, failed trades, available balances, etc.
 - iii. Collecting interest, dividends and proceeds from maturing securities.
 - iv. Securities position reporting and reconciliation.
 - v. Reporting of income on securities held.
 - vi. Trade discrepancies.
- c. Describe how the bank will reconcile MHTC's securities in the bank's custody and how such reconciliation will be documented for MoDOT staff. How do you insure that securities have properly posted to MHTC's accounts?
- d. Describe the bank's policy regarding restitution of lost interest and/or other remedies for MHTC on a failed trade.
- e. Provide a listing of cut-off times for notification of securities transactions. Specify if the cut-off times vary for different types of securities.
- f. Describe any sub-custodial arrangements that would be used for securities belonging to MHTC, including any arrangements used for the delivery of physical

securities. Does the bank plan to open an account with the Federal Reserve System and Depository Trust Company to hold the securities?

- g. When does the bank credit interest and dividends?
- h. Describe the frequency and format of custody reports that the bank will provide to MoDOT. Are the reports available on-line? Provide sample reports.
- i. What source does the bank use for market valuation of securities?

14. Balance Reporting

- a. Describe the reports that will be available to MoDOT through the bank's balance reporting system. Provide sample reports.
- b. How will MoDOT access the reporting system (i.e., Internet, etc.)? Is specific software required to communicate with the bank's system? Is there an extra charge for this software? Describe the steps necessary to secure the system.
- c. Will the reporting system provide beginning and ending ledger (book) balances, collected balances, available balances, float assignment and the previous day's activities?
- d. What current-day reporting is available through the reporting system?
- e. Can the reporting system provide serial number sorts on disbursement items?
- f. Does the bank's deposit reporting system report electronic transactions (e.g., ACH, wire transfers, etc.) as well as paper documents?
- g. Can reports be customized?
- h. How many business days of balance history are stored on the reporting system and available for customer access?
- i. How many business days of check images are stored on the reporting system and available for customer access?
- j. Provide a demonstration of the bank's on-line capabilities. Access can be granted with a CD-ROM or via the Internet.

15. Account Analysis

- a. Provide a sample account analysis statement that is appropriate for the proposed accounts. How soon after month-end will the account analysis statement be

available? How will the account analysis statement be provided to MoDOT (e.g., mail, e-mail, fax, etc.)? Does the bank offer electronic analysis and bank statements?

- b. How many days after the account analysis statement is provided to MoDOT will the banking services fees be deducted from the account? Describe the process for challenging disputed charges.
- c. Does the bank propose to pass on any Federal Deposit Insurance Corporation (FDIC) or other such regulatory charges to the MHTC? If so, what are the current charges and how are the charges computed?

16. Errors and Corrections

- a. Describe the process and how often the bank will reconcile transactions initiated by the bank involving MHTC accounts (e.g., security purchases with funds from a checking account, security sales proceeds deposited back into a checking account, etc.). What safeguards are built into the bank's systems to ensure transactions are properly posted to MHTC accounts? If an error is made, when will MoDOT staff be notified and how quickly will it be remedied?
- b. When corrections / adjustments are required to bank statements to reflect actual activity, will the bank be able to provide acceptable documentation to MoDOT staff within two (2) business days of the notification of the error?

(D) Control:

1. Describe the electronic and/or manual systems used to provide the requested services of this RFP, along with backup and recovery capabilities.
2. Describe the bank's security procedures for its information reporting system, both for access and information protection.
3. Provide a copy of the bank's most recent report issued in accordance with the Statement of Auditing Standards-70 (SAS 70).
4. Describe the bank's disaster recovery plan.

(E) Conversion

1. Provide a conversion plan and timeline to transition MHTC's accounts to your bank, including MHTC's responsibilities and critical timing during the transition.
2. How much lead-time will be necessary before the conversion begins?

3. Describe plans for educating and training MoDOT staff in the use of your banking systems.

(F) New Services & Ideas

1. Describe new services or ideas that your bank is proposing to provide that would enhance the current banking services utilized by MHTC.
2. Provide any additional information that your bank believes to be pertinent but not specifically requested elsewhere in this RFP.

(G) Sample Contract

Provide a sample of a proposed contract(s), signature cards and other forms required by the bank in order to provide the services requested in this RFP.

- (H) Administration of Program:** The Offeror will consult MHTC's representative regarding any problems involved with the administration of the services provided pursuant to this RFP. MHTC requires the contractor to keep MoDOT staff informed of any banking and security regulation changes that could impact the scope of work going forward. MHTC also reserves the right to negotiate changes to the contract if there are changes to the scope of service and/or new services are required at a later date.

**SECTION (3):
AGREEMENT REQUIREMENTS**

This RFP shall be governed by the following contract provisions. The award of this RFP is subject to a post-award negotiated contract. These same contract provisions will appear in the post-award negotiated contract. If the parties are unable to agree to terms in the post-award contract, MHTC shall reserve the right to cancel the award of the RFP and select and contract with a different offeror.

- (A) **MHTC's Representative:** MoDOT's Resource Management Director is designated as MHTC's representative for the purpose of administering the provisions of the Agreement as defined in Paragraph (E) of this section. MHTC's representative may designate by written notice other persons having the authority to act on behalf of MHTC in furtherance of the performance of the Agreement. The Offeror shall fully coordinate its activities for MHTC with those of the Resource Management Director. As the work of the Offeror progresses, advice and information on matters covered by the Agreement shall be made available by the Offeror to the Resource Management Director throughout the effective period of the Agreement.
- (B) **Release to Public:** No material or reports prepared by the Offeror shall be released to the public without the prior consent of MHTC's representative.
- (C) **Assignment:** The Offeror shall not assign or delegate any interest, and shall not transfer any interest in the services to be provided (whether by assignment, delegation, or novation) without the prior written consent of MHTC's representative.
- (D) **Status as Independent Contractor:** The Offeror represents itself to be an independent contractor offering such services to the general public and shall not represent itself or its employees to be an employee of MHTC or MoDOT. Therefore, the Offeror shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers' compensation, employee insurance, minimum wage requirements, overtime, or other such benefits or obligations.
- (E) **Components of Agreement:** The Agreement between MHTC and the Offeror shall consist of: the RFP and any written amendments thereto, the Standard Solicitation Provisions and General Terms and Conditions that are attached to this RFP, the proposal submitted by the Offeror in the response to the RFP and the post-award contract agreement signed between the parties. However, MHTC reserves the right to clarify any relationship in writing and such written clarification shall govern in case of conflict with the applicable requirements stated in the RFP or the Offeror's proposal. The Offeror is cautioned that its proposal shall be subject to acceptance by MHTC without further clarification.
- (F) **Amendments:** Any change in the Agreement, whether by modification or supplementation, must be accompanied by a formal contract amendment signed and approved by the duly authorized representative of the Offeror and MHTC.

(G) DBE/WBE Participation Encouraged:

1. The Offeror is encouraged to submit copies of existing affirmative action programs, if any. The Offeror is also encouraged to directly hire minorities and women as direct employees of the Offeror. MHTC reserves the right to consider the use of minority and female employees when making the award of the Agreement.
2. Regardless of which persons or firms, if any, that the Offeror may use as subcontractors, subofferors, or suppliers of goods or services for the services to be provided, the Offeror ultimately remains responsible and liable to MHTC for the complete, accurate and professional quality/performance of these services.

(H) Nondiscrimination: The Offeror shall comply with all state and federal statutes applicable to the Offeror relating to nondiscrimination, including, but not limited to, Chapter 213, RSMo; Title VI and Title VII of the Civil Rights Act of 1964 as amended (42 U.S.C. Sections 2000d and 2000e, *et seq.*); and with any provision of the "Americans with Disabilities Act" as amended (42 U.S.C. Section 12101, *et seq.*).

(I) Executive Order: The Offeror shall comply with all the provisions of Executive Order 07-13, issued by the Honorable Matt Blunt, Governor of Missouri, on the sixth (6th) day of March 2007. This Executive Order, which promulgates the State of Missouri's position to not tolerate persons who contract with the state engaging in or supporting illegal activities of employing individuals who are not eligible to work in the United States, is incorporated herein by reference and made a part of this Agreement.

1. By signing this Agreement, the Offeror hereby certifies that any employee of the Offeror assigned to perform services under the contract is eligible and authorized to work in the United States in compliance with federal law.
2. In the event the Offeror fails to comply with the provisions of the Executive Order 07-13, or in the event MHTC has reasonable cause to believe that the Offeror has knowingly employed individuals who are not eligible to work in the United States in violation of federal law, MHTC reserves the right to impose such contract sanctions as it may determine to be appropriate, including but not limited to contract cancellation, termination or suspension in whole or in part or both.

(J) Incorporation of Provisions: The Offeror shall include the provisions of Section (3), paragraph I of this Agreement in every subcontract as approved by MHTC. The Offeror shall take such action with respect to any subcontract as MHTC may direct as a means of enforcing such provisions, including sanctions for noncompliance.

(K) Prohibition of Employment of Unauthorized Aliens: The Offeror must affirm its enrollment and participation in a federal work authorization program with respect to the employees proposed to work in connection with the services requested herein by:

1. Submitting a completed, notarized copy of Attachment C, AFFIDAVIT OF WORK AUTHORIZATION and
2. Providing documentation affirming the Offeror's enrollment and participation in a federal work authorization program (see below) with respect to the employees proposed to work in connection with the services requested herein.

E-Verify is an example of a federal work authorization program. Acceptable enrollment and participation documentation consists of **completed** copy of the E-Verify Memorandum of Understanding (MOU). For vendors that are not already enrolled and participating in a federal work authorization program, E-Verify is available at http://www.dhs.gov/xprevprot/programs/gc_1185221678150.shtm.

- (L) **Bankruptcy:** Upon filing for any bankruptcy or insolvency proceeding by or against the Offeror, whether voluntarily, or upon the appointment of a receiver, Offeror, or assignee, for the benefit of creditors, MHTC reserves the right and sole discretion to either cancel the Agreement or affirm the Agreement and hold the Offeror responsible for damages.
- (M) **Law of Missouri to Govern:** The Agreement shall be construed according to the laws of the state of Missouri. The Offeror shall comply with all local, state and federal laws and regulations relating to the performance of the Agreement.
- (N) **Cancellation:** MHTC may cancel the Agreement at any time by providing the Offeror with written notice of cancellation. Should MHTC exercise its right to cancel the Agreement for such reasons, cancellation will become effective upon the date specified in the notice of cancellation sent to the Offeror.
- (O) **Venue:** No action may be brought by either party concerning any matter, thing or dispute arising out of or relating to the terms, performance, nonperformance or otherwise of the Agreement except in the Circuit Court of Cole County, Missouri. The parties agree that the Agreement is entered into at Jefferson City, Missouri, and substantial elements of its performance will take place at or be delivered to Jefferson City, Missouri, by reason of which the Offeror consents to venue of any action against it in Cole County, Missouri.
- (P) **Ownership of Reports:** All documents, reports, exhibits, etc. produced by the Offeror at the direction of MHTC's representative and information supplied by MHTC's representative shall remain the property of MHTC.
- (Q) **Confidentiality:** The Offeror shall not disclose to third parties confidential factual matters provided by MHTC's representative except as may be required by statute, ordinance, or order of court, or as authorized by MHTC's representative. The Offeror shall notify MHTC immediately of any request for such information.
- (R) **Nonsolicitation:** The Offeror warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Offeror, to solicit or secure the Agreement, and that it has not paid or agreed to pay any percentage, brokerage fee, gift, or

any other consideration, contingent upon or resulting from the award or making of the Agreement. For breach or violation of this warranty, MHTC shall have the right to annul the Agreement without liability, or in its discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

(S) **Conflict of Interest:** The Offeror covenants that it presently has no actual conflict of interest or appearance of conflict of interest and shall not acquire any interest, directly or indirectly, which would conflict in any manner or degree with the performance of the services under this Agreement. The Offeror further covenants that no person having any such known interest shall be employed or conveyed an interest, directly or indirectly, in this Agreement.

(T) **Maintain Papers:** The Offeror must maintain all working papers and records relating to the Agreement. These records must be made available at all reasonable times at no charge to MHTC and/or the Missouri State Auditor during the term of the Agreement and any extension thereof, and for three (3) years from the date of final payment made under the Agreement.

1. MHTC's representative shall have the right to reproduce and/or use any products derived from the Offeror's work without payment of any royalties, fees, etc.

2. MHTC's representative shall at all times have the right to audit any and all records pertaining to the services.

(U) **Indemnification:** The Offeror shall defend, indemnify and hold harmless MHTC, including its members / employees and MoDOT employees, from any claim or liability whether based on a claim for damages to real or personal property or to a person for any matter relating to or arising out of the Offeror's performance of its obligations under this Agreement.

(V) **Offeror Liability for Failure to Perform:** The Offeror shall perform all of its contractual obligations in the resulting Agreement as mentioned in Section (3) (E) of this RFP and shall be liable to MHTC for any monetary damages as a result of the Offeror's failure to properly perform such contract obligations. The bank shall compensate MHTC for the loss of funds and any interest due MHTC as a result of the Offeror's failure to perform any contractual obligations. Such compensation for lost interest shall be reimbursed based upon the earnings rate paid on Overnight Repurchase Agreements for the period of time and amount in question computed on a daily basis.

(W) **Disputes Under the Agreement:** MHTC's representative will decide all questions which may arise as to the quality and acceptability of services performed by the Offeror under the Agreement and all claims of any character whatsoever in connection with or growing out of the services of the Offeror, whether claims under this Agreement or otherwise. MHTC's representative's decisions shall be conclusive, binding and incontestable.

**SECTION (4):
PROPOSAL SUBMISSION INFORMATION**

(A) SUBMISSION OF PROPOSALS

- 1. Pricing and Signature:** Proposals should be priced, signed and returned (with necessary attachments) to Ms. Frankie J. Ryan as provided in this RFP. Specifically, any form containing a signature line in this RFP and any amendments, pricing pages, etc., must be manually signed and returned as part of the proposal.
- 2. Submission of All Data Required:** The Offeror must respond to this RFP by submitting all data required in paragraph (B) below for its proposal to be evaluated and considered for award. Failure to submit such data shall be deemed sufficient cause for disqualification of a proposal from further consideration.
- 3. Public Inspection:** The Offeror is hereby advised that all proposals and the information contained in or related thereto shall be open to public inspection and that MHTC does not guarantee nor assume any responsibility whatsoever in the event that such information is used or copied by individual person(s) or organization. Therefore, the Offeror must submit its proposal based on such conditions without reservations.
- 4. Clarification of Requirements:** Any and all questions regarding specifications, requirements, competitive procurement process, or other questions must be directed to Ms. Frankie J. Ryan, Buyer of Record, Missouri Department of Transportation - General Services, P. O. Box 270, Jefferson City, Missouri, 65102, or emailed to Frankie.Ryan@modot.mo.gov no later than 4:00 p.m. on June 10, 2009. **If necessary, an addendum will be issued on June 15, 2009.** It is the sole responsibility of all Offerors to check the website for any and all addendums throughout the procurement process.

(B) REQUIRED ELEMENTS OF PROPOSAL

- 1. Experience.** The proposal must clearly identify the Offeror's experience in offering the services requested in this RFP during the past three (3) years. The description should include a list of the agencies, which your institution has served or currently serves. In addition, the Offeror must provide the following information:
 - a. Provide a general overview and brief history of the bank, including parent and/or subsidiary companies and the number of employees.
 - b. Provide the address of the branch location(s) that will service MHTC's accounts.
 - c. Describe the experience of the bank in providing similar commercial banking, investment management and security safekeeping services for governmental

entities, including the number of customers and dollar amounts of assets managed for state and local governments.

- d. Describe the experience of the bank in developing investment policies and portfolio management guidelines for governmental funds.
- e. Provide ratings for the bank and/or bank holding company from two of the following agencies: Standard & Poor's, Moody's, Thomson BankWatch, Sheshunoff, or Laclede. If the Offeror is not rated by two of these rating organizations, provide other evidence of the institution's credit quality.
- f. Provide a copy of the most recent audited annual financial statement and the Call Report of the bank and/or bank holding company.
- g. Provide information indicating the bank is financially solvent and adequately capitalized to be able to service the MHTC for the duration of the contract.
- h. Provide a summary of insurance coverage / bonding carried by the bank that would be relevant to the services requested under this RFP.
- i. Describe any Securities and Exchange Commission (SEC), National Association of Securities Dealers (NASD) or any other regulatory censure or litigation involving the bank or its employees during the past five years.
- j. Provide the names and relevant information of any investment accounts the bank has lost in the past five years due to malfeasance, lack of adherence to professional standards or other general neglect?
- k. Provide the bank's Community Reinvestment Act (CRA) rating.

2. Personnel. Information presented in this section should highlight the Offeror's previous experience, as well as any work with other state agencies or local governments in Missouri. Offeror must furnish a complete listing of each sub-Offeror, if any, and complete contact information for that sub-Offeror. In addition, the Offeror must provide the following information:

- a. Provide the name, title, address, telephone number, fax number and e-mail address of the primary contact person(s) assigned to this account.
- b. Provide biographical information on senior staff that will be directly involved in the management of MHTC's accounts, and what, if any, experience these employees have in working with state and local governments and other public agencies. Describe the proposed role of each with regard to MHTC's accounts. Be sure to

include the staff person who will be responsible for making the daily investment trade decisions.

- c. For each key person, show the number of years of experience in this field and the number of years with the bank.

3. References

- a. Provide names, addresses and telephone numbers of at least five (5) references (governments and public agency references, if possible), which are currently using the services for which the bank is proposing. Select a mix of long-standing and recent customers.
- b. Provide a list of government clients that have terminated similar services in the last three years.

(C) EVALUATION CRITERIA AND PROCESS

- 1. **Evaluation Factors:** Any agreement for services resulting from this RFP shall be awarded to the Offeror providing the best proposal to MHTC. After determining responsiveness, proposals will be evaluated in accordance with the following criteria:

Pricing	50 points
Collateral Assurance and Financial Strength	25 points
Proposed Method of Performance and Transition	15 points
Experience	10 points

- 2. **Historic Information:** MHTC reserves the right to consider historic information and facts, whether gained from the Offeror's proposal, question and answer conferences, references, or other sources, in the evaluation process.
- 3. **Responsibility to Submit Information:** The Offeror is cautioned that it is the Offeror's sole responsibility to submit information related to the evaluation categories and that MHTC's representative is under no obligation to solicit such information if it is not included with the Offeror's proposal. Failure of the Offeror to submit such information may cause an adverse impact on the evaluation of the Offeror's proposal. It is suggested the Offeror submit the proposal in an outline format that follows the RFP.

(D) PRICING

- 1. **Pricing Table:** The Offeror must submit a proposed fee for all services defined in the Scope of Work. All fees must be reflected on the Pricing Table (Attachment D – Pages 1 and 2). The Pricing Table must be signed and returned with the Offeror's proposal. Complete the Pricing Table per the instructions including on Page 3 of Attachment D.

2. **Alternative Proposal:** One of MoDOT's value statements is "MoDOT will seek out and welcome any idea that increases our options because we don't have all the answers." As a result, MoDOT staff is encouraging the Offeror to also propose alternative pricing proposals. For example, feel free to propose an alternative, which would result in a simpler and more passive investment involvement for MoDOT staff through applying a variable rate index (net of all fees) for an interest earnings rate on all funds under this RFP. Be specific and describe in detail any alternative proposal.

(E) AWARD AND IMPLEMENTATION

MHTC expects to award this contract at its September 2, 2009 meeting. The contractor must be prepared to assume responsibility for the commercial banking, investment management and security safekeeping services on September 14, 2009. MoDOT staff will work with the contractor to complete implementation in a timely manner.

Missouri Department of Transportation

Attachment A

Banking Services RFP - 12 Month Summary Statistics for the 5 Accounts

Account	Overnight - Repurchase Agreement (Monthly Average)	Investments (Monthly Average)	ACH Credits		Deposits		Wire (In-Coming)	
			Number of Transactions	Amount	Number of Deposits	Number of Checks	Number of Transactions	Amount
Local Fund	\$6,743,518	\$40,062,416	9	\$11,863,409	26	26	16	\$20,493,797
Self Insurance Fund	\$4,124,528	\$63,208,595	122	\$15,722,737	65	93	0	\$0
Medical & Life Insurance Fund	\$7,916,614	\$25,068,846	319	\$108,521,158	185	884	0	\$0
MTFC - Highway Fund	\$1,000,000 ^a	\$5,500,000 ^a	9 ^a	\$3,120,000 ^a	0 ^a	0 ^a	3 ^a	\$161,695 ^a
MTFC - Transportation Fund	\$2,000,000 ^a	\$16,000,000 ^a	46 ^a	\$8,640,000 ^a	3 ^a	3 ^a	1 ^a	\$832,000 ^a
Total	\$21,784,660	\$149,839,797	505	\$147,867,304	279	1,006	20	\$21,487,492
Monthly Average			42.1	\$12,322,275	23.3	83.8	1.7	\$1,790,624

Account	Returned Items	Number of Returns	Amount	ACH Debits		Checks		Wire (Out-Going)	
				Number of Transactions	Amount	Number of Stop Payments	Number of Checks Cleared	Number of Transactions	Amount
Local Fund	0	0	\$0	66	\$32,773,320	0	5	1	\$700,000
Self Insurance Fund	1	1	\$50	0	\$0	6	8,741	0	\$0
Medical & Life Insurance Fund	14	14	\$9,889	155	\$31,183,069	12 ^a	600 ^a	264 ^a	\$77,580,000 ^a
MTFC - Highway Fund	0 ^a	0 ^a	\$0 ^a	1 ^a	\$450,000 ^a	0 ^a	0 ^a	0 ^a	\$0 ^a
MTFC - Transportation Fund	0 ^a	0 ^a	\$0 ^a	3 ^a	\$18,840,000 ^a	0 ^a	4 ^a	1 ^a	\$2,000,000 ^a
Total	15	15	\$9,939	225	\$83,246,389	18	9,350	266	\$80,280,000
Monthly Average	1.3	1.3	\$828	18.8	\$6,937,199	1.5	779.2	22.2	\$6,690,000

Certificate of Deposit: \$100,000

Note: ^a Represents an annual estimate of the projected monthly average going forward.

Missouri Department of Transportation

Banking Services RFP - Statistics for the Local Fund Account

Date	Overnight Repurchase Agreement		Investments		ACH Credits		Deposits		Wire (In-Coming)	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Deposits	Number of Checks	Number of Transactions	Amount		
May 30, 2008	\$1,525,402	\$4,270,531	0	\$0	1	1	0	\$0		
June 30, 2008	\$785,153	\$42,313,215	1	\$134,929	4	4	2	\$37,144		
July 31, 2008	\$2,189,444	\$44,092,779	1	\$183,750	5	5	2	\$2,174,800		
August 29, 2008	\$2,239,006	\$48,980,061	2	\$1,186,713	0	0	0	\$0		
September 30, 2008	\$3,308,046	\$48,112,927	1	\$62,998	2	2	5	\$6,122,262		
October 31, 2008	\$3,957,064	\$43,975,283	0	\$0	2	2	0	\$0		
November 28, 2008	\$3,351,559	\$46,701,300	0	\$0	2	2	1	\$3,656,770		
December 31, 2008	\$7,386,042	\$41,523,911	1	\$2,602,362	2	2	2	\$208,858		
January 30, 2009	\$9,651,772	\$38,487,090	0	\$0	2	2	1	\$612,500		
February 27, 2009	\$10,443,815	\$36,701,163	0	\$0	5	5	0	\$0		
March 31, 2009	\$21,035,318	\$38,119,221	3	\$7,692,658	1	1	2	\$454,821		
April 30, 2009	\$15,049,590	\$47,471,513	0	\$0	0	0	1	\$7,000,000		
Total			9	\$11,863,409	26	26	16	\$20,493,797		
Monthly Average	\$6,743,518	\$40,062,416	0.8	\$988,617	2.2	2.2	1.3	\$1,707,816		

Date	Returned Items		ACH Debits		Checks		Wire (Out-Going)	
	Number of Returns	Amount	Number of Transactions	Amount	Number of Stop Payments	Number of Checks Cleared	Number of Transactions	Amount
May 30, 2008	0	\$0	7	\$2,378,434	0	0	0	\$0
June 30, 2008	0	\$0	7	\$1,936,785	0	1	0	\$3,234
July 31, 2008	0	\$0	3	\$1,126,719	0	0	0	\$0
August 29, 2008	0	\$0	0	\$0	0	0	0	\$0
September 30, 2008	0	\$0	5	\$6,282,321	0	0	0	\$0
October 31, 2008	0	\$0	7	\$4,001,767	0	0	0	\$0
November 28, 2008	0	\$0	5	\$2,264,246	0	0	0	\$0
December 31, 2008	0	\$0	7	\$4,805,591	0	0	0	\$0
January 30, 2009	0	\$0	4	\$2,064,050	0	2	0	\$34,503
February 27, 2009	0	\$0	4	\$2,539,562	0	0	0	\$0
March 31, 2009	0	\$0	5	\$1,551,444	0	2	1	\$26,435
April 30, 2009	0	\$0	12	\$3,822,402	0	0	0	\$0
Total	0	\$0	66	\$32,773,320	0	5	1	\$700,000
Monthly Average	0.0	\$0	5.5	\$2,731,110	0.0	0.4	0.1	\$58,333

Missouri Department of Transportation

Banking Services RFP - Statistics for the Self Insurance Fund Account

Date	Overnight Repurchase Agreement		Investments		ACH Credits		Deposits		Wire (In-Coming)	
	Amount	Number of Transactions	Amount	Number of Transactions	Number of Deposits	Number of Checks	Amount	Number of Transactions	Amount	Number of Transactions
May 30, 2008	\$1,623,872	7	\$63,478,736	7	\$971,031	7	\$16,213	0	\$0	0
June 30, 2008	\$891,471	17	\$64,873,416	17	\$2,719,794	3	\$10,959	0	\$0	0
July 31, 2008	\$2,944,300	3	\$62,862,979	3	\$975,316	7	\$68,816	0	\$0	0
August 29, 2008	\$1,216,509	10	\$65,369,579	10	\$1,227,781	3	\$26,542	0	\$0	0
September 30, 2008	\$2,757,013	10	\$64,544,355	10	\$1,227,470	5	\$43,198	0	\$0	0
October 31, 2008	\$4,102,376	11	\$63,180,049	11	\$1,241,764	5	\$3,524	0	\$0	0
November 28, 2008	\$3,109,773	10	\$64,730,055	10	\$1,227,033	4	\$59,461	0	\$0	0
December 31, 2008	\$5,168,631	11	\$63,037,489	11	\$1,231,525	6	\$40,703	0	\$0	0
January 30, 2009	\$5,856,644	10	\$62,743,035	10	\$1,225,256	6	\$13,542	0	\$0	0
February 27, 2009	\$8,418,417	11	\$59,795,493	11	\$1,225,256	7	\$50,697	0	\$0	0
March 31, 2009	\$9,057,247	11	\$59,737,534	11	\$1,225,256	5	\$46,916	0	\$0	0
April 30, 2009	\$4,948,079	11	\$64,149,717	11	\$1,225,256	9	\$12,159	0	\$0	0
Total		122	\$15,722,737	122	\$15,722,737	65	\$382,729	0	\$0	0
Monthly Average	\$4,124,528	10.2	\$63,208,535	10.2	\$1,310,228	5.4	\$31,894	7.8	\$0	0.0

Date	Returned Items		ACH Debits		Checks		Wire (Out-Going)		
	Number of Returns	Amount	Number of Transactions	Amount	Number of Stop Payments	Number of Checks Cleared	Amount	Number of Transactions	
May 30, 2008	0	\$0	0	\$0	0	622	\$2,211,238	0	\$0
June 30, 2008	0	\$0	0	\$0	1	533	\$831,491	0	\$0
July 31, 2008	0	\$0	0	\$0	0	815	\$1,207,182	0	\$0
August 29, 2008	0	\$0	0	\$0	0	550	\$720,742	0	\$0
September 30, 2008	0	\$0	0	\$0	0	791	\$863,015	0	\$0
October 31, 2008	1	\$50	0	\$0	0	793	\$1,286,404	0	\$0
November 28, 2008	0	\$0	0	\$0	0	650	\$1,080,630	0	\$0
December 31, 2008	0	\$0	0	\$0	0	764	\$1,496,604	0	\$0
January 30, 2009	0	\$0	0	\$0	1	719	\$1,341,792	0	\$0
February 27, 2009	0	\$0	0	\$0	2	785	\$1,767,841	0	\$0
March 31, 2009	0	\$0	0	\$0	1	937	\$1,076,468	0	\$0
April 30, 2009	0	\$0	0	\$0	1	782	\$1,825,455	0	\$0
Total	1	\$50	0	\$0	6	8,741	\$15,708,863	0	\$0
Monthly Average	0.1	\$4	0.0	\$0	0.5	728.4	\$1,309,072	0.0	\$0

Missouri Department of Transportation

Banking Services RFP - Statistics for the Medical & Life Insurance Fund Account

Date	Overnight Repurchase Agreement		ACH Credits		Deposits		Wire (In-Coming)	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Deposits	Number of Checks	Number of Transactions	Amount
May 30, 2008	29	\$9,218,455	18	\$459,019	64	0	0	\$0
June 30, 2008	30	\$8,673,223	19	\$486,667	81	0	0	\$0
July 31, 2008	27	\$8,918,877	13	\$94,645	72	0	0	\$0
August 29, 2008	30	\$8,926,530	25	\$273,848	74	0	0	\$0
September 30, 2008	18	\$8,470,757	22	\$434,926	70	0	0	\$0
October 31, 2008	27	\$9,383,655	21	\$235,745	72	0	0	\$0
November 28, 2008	34	\$8,896,909	18	\$170,382	63	0	0	\$0
December 31, 2008	26	\$8,166,154	12	\$428,075	90	0	0	\$0
January 30, 2009	15	\$9,012,182	9	\$517,616	76	0	0	\$0
February 27, 2009	37	\$10,629,221	8	\$55,274	64	0	0	\$0
March 31, 2009	23	\$9,090,610	8	\$118,509	72	0	0	\$0
April 30, 2009	23	\$9,134,585	12	\$1,092,860	86	0	0	\$0
Total	319	\$108,521,158	185	\$4,367,566	884	0	0	\$0
Monthly Average	26.6	\$9,043,430	15.4	\$363,964	73.7	0.0	0.0	\$0

Date	Returned Items		ACH Debits		Checks		Wire (Out-Going)	
	Number of Returns	Amount	Number of Transactions	Amount	Number of Stop Payments	Number of Checks Cleared	Number of Transactions	Amount
May 30, 2008	0	\$0	13	\$3,282,843	33	19,689	0	\$0
June 30, 2008	2	\$270	16	\$2,483,717	43	20,506	0	\$0
July 31, 2008	1	\$191	11	\$2,418,742	17	22,476	0	\$0
August 29, 2008	0	\$0	13	\$2,522,513	6	23,258	0	\$0
September 30, 2008	1	\$351	11	\$2,486,719	53	23,260	0	\$0
October 31, 2008	0	\$0	10	\$2,472,689	7	25,262	0	\$0
November 28, 2008	3	\$1,928	9	\$1,669,306	20	24,838	0	\$0
December 31, 2008	2	\$2,897	12	\$2,473,467	31	26,995	0	\$0
January 30, 2009	2	\$3,199	14	\$3,129,446	22	24,367	5	\$1,539
February 27, 2009	1	\$738	15	\$2,028,040	9	14,152	14	\$1,653,285
March 31, 2009	1	\$158	18	\$2,887,929	24	4,853	22	\$4,386,608
April 30, 2009	1	\$158	13	\$3,327,659	5	2,491	22	\$5,988,793
Total	14	\$9,889	155	\$31,183,069	270	232,147	63	\$12,030,225
Monthly Average	1.2	\$824	12.9	\$2,598,589	22.5	19,345.6	5.3	\$1,002,519
Projected Monthly Average					1.0	50.0	22.0	\$6,465,000

Certificate of Deposit: \$100,000

Missouri Department of Transportation

Banking Services RFP - Statistics for the MTCF Highway Fund Account

Date	Overnight Repurchase Agreement	Investments	ACH Credits		Deposits		Wire (In-Coming)	
			Number of Transactions	Amount	Number of Deposits	Number of Checks	Number of Transactions	Amount
May 30, 2008	\$1,110,960	\$11,239,590	0	\$0	0	0	0	\$0
June 30, 2008	\$1,184,933	\$11,175,373	0	\$0	0	0	0	\$0
July 31, 2008	\$1,054,133	\$11,153,381	0	\$0	0	0	0	\$0
August 29, 2008	\$566,199	\$9,089,240	0	\$0	0	0	0	\$0
September 30, 2008	\$2,816,584	\$6,583,462	0	\$0	0	0	0	\$0
October 31, 2008	\$1,921,301	\$7,493,369	0	\$0	0	0	0	\$0
November 28, 2008	\$2,973,090	\$6,478,359	0	\$0	0	0	0	\$0
December 31, 2008	\$2,522,366	\$7,004,016	0	\$0	0	0	0	\$0
January 30, 2009	\$3,105,129	\$6,471,676	0	\$0	0	0	0	\$0
February 27, 2009	\$4,374,155	\$5,350,814	0	\$0	0	0	2	\$119,394
March 31, 2009	\$150,789	\$2,336,768	1	\$454,171	0	0	0	\$0
April 30, 2009	\$1,211,377	\$1,291,669	0	\$0	0	0	0	\$0
Total			1	\$454,171	0	0	2	\$119,394
Monthly Average	\$1,915,918	\$7,138,976	0.1	\$37,848	0.0	0.0	0.2	\$9,950
Projected Monthly Average	\$1,000,000	\$5,500,000	0.8	\$260,000	0.0	0.0	0.3	\$13,475

Date	Returned Items		ACH Debits		Checks		Wire (Out-Going)	
	Number of Returns	Amount	Number of Transactions	Amount	Number of Stop Payments	Number of Checks Cleared	Number of Transactions	Amount
May 30, 2008	0	\$0	0	\$0	0	0	0	\$0
June 30, 2008	0	\$0	0	\$0	0	0	0	\$0
July 31, 2008	0	\$0	1	\$183,750	0	0	0	\$0
August 29, 2008	0	\$0	2	\$2,597,035	0	0	0	\$0
September 30, 2008	0	\$0	1	\$387,500	0	0	0	\$0
October 31, 2008	0	\$0	0	\$0	0	0	0	\$0
November 28, 2008	0	\$0	0	\$0	0	0	0	\$0
December 31, 2008	0	\$0	0	\$0	0	0	0	\$0
January 30, 2009	0	\$0	0	\$0	0	0	0	\$0
February 27, 2009	0	\$0	0	\$0	0	0	0	\$0
March 31, 2009	0	\$0	3	\$7,692,658	0	0	0	\$0
April 30, 2009	0	\$0	0	\$0	0	0	0	\$0
Total	0	\$0	7	\$10,860,943	0	0	0	\$0
Monthly Average	0.0	\$0	0.6	\$905,079	0.0	0.0	0.0	\$0
Projected Monthly Average	0.0	\$0	0.1	\$37,500	0.0	0.0	0.0	\$0

Missouri Department of Transportation

Banking Services RFP - Statistics for the MTFC Transportation Fund Account

Date	Overnight Repurchase Agreement	Investments	ACH Credits		Deposits		Wire (In-Coming)	
			Number of Transactions	Amount	Number of Deposits	Number of Checks	Number of Transactions	Amount
May 30, 2008	\$2,405,356	\$46,024,357	0	\$0	0	0	0	\$0
June 30, 2008	\$2,554,702	\$52,562,462	3	\$6,428,997	2	2	0	\$848
July 31, 2008	\$1,231,865	\$54,194,040	1	\$119,325	1	1	0	\$1,272
August 29, 2008	\$3,492,104	\$58,217,418	0	\$0	0	0	2	\$6,206,604
September 30, 2008	\$6,888,267	\$55,290,524	2	\$238,651	3	7	0	\$37,457
October 31, 2008	\$10,234,325	\$52,285,045	1	\$119,325	0	0	0	\$0
November 28, 2008	\$7,270,996	\$53,424,290	0	\$0	1	1	1	\$7,819
December 31, 2008	\$6,763,519	\$51,927,842	2	\$238,651	0	0	0	\$0
January 30, 2009	\$12,544,561	\$46,857,915	0	\$0	1	1	1	\$7,500
February 27, 2009	\$6,297,009	\$53,293,053	1	\$119,325	0	0	0	\$0
March 31, 2009	\$17,317,677	\$42,216,101	2	\$238,651	1	1	0	\$551
April 30, 2009	\$8,848,391	\$49,942,862	1	\$119,325	1	1	0	\$1,089
Total			13	\$7,622,252	10	14	4	\$56,536
Monthly Average	\$7,154,064	\$51,352,992	1.1	\$635,188	0.8	1.2	0.3	\$4,711
Projected Monthly Average	\$2,000,000	\$16,000,000	3.8	\$720,000	0.3	0.3	0.1	\$1,125

Date	Returned Items	Number of Returns	Amount	ACH Debits		Checks		Wire (Out-Going)	
				Number of Transactions	Amount	Number of Stop Payments	Number of Checks Cleared	Number of Transactions	Amount
May 30, 2008	0	0	\$0	1	\$2,358	0	1	0	\$0
June 30, 2008	0	0	\$0	1	\$3,810	0	0	0	\$0
July 31, 2008	0	0	\$0	1	\$4,283	0	0	0	\$0
August 29, 2008	0	0	\$0	0	\$0	0	3	0	\$0
September 30, 2008	0	0	\$0	2	\$10,073	0	1	0	\$0
October 31, 2008	0	0	\$0	0	\$0	0	1	0	\$0
November 28, 2008	0	0	\$0	0	\$0	0	2	1	\$2,000,000
December 31, 2008	0	0	\$0	1	\$2,602,362	0	2	0	\$0
January 30, 2009	0	0	\$0	1	\$6,352	0	0	0	\$0
February 27, 2009	0	0	\$0	1	\$6,453	0	1	0	\$0
March 31, 2009	0	0	\$0	2	\$458,481	0	0	0	\$0
April 30, 2009	0	0	\$0	1	\$795,000	0	1	0	\$0
Total	0	0	\$0	11	\$3,889,171	0	12	1	\$2,000,000
Monthly Average	0.0	0.0	\$0	0.9	\$324,098	0.0	1.0	0.1	\$166,667
Projected Monthly Average	0.0	0.0	\$0	0.3	\$1,570,000	0.0	0.3	0.1	\$166,667

MISSOURI DEPARTMENT OF TRANSPORTATION

Attachment B

Investment Policy

Effective December 1, 2005

I. Scope

This policy applies to the investment of Missouri Department of Transportation (MoDOT) funds held outside of the State Treasurer's Office.

Investments through external programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

The purpose of the Investment Policy shall be to establish the investment objectives of MoDOT and provide a set of investment parameters to govern the type, quality, diversification and term of investments in order to realize those objectives. To assist in accomplishing investment objectives, MoDOT shall employ an Investment Advisor to act in a fiduciary capacity as custodian for the interest and benefit of MoDOT and to, among other responsibilities, develop, implement and execute an investment strategy consistent with this Investment Policy.

The Investment Advisor and MoDOT shall have in place an agreement that will determine the duties expected of them as MoDOT's Investment Advisor. In developing and implementing any investment strategy for the custodial assets, the Investment Advisor shall comply with the investment parameters set forth herein.

II. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk. MoDOT will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities, as defined in Section V; and
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk. MoDOT will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds.
 3. **Yield.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
 - A security with declining credit may be sold early to minimize loss of principal;
 - A security exchange would improve the quality, yield, or target duration in the portfolio; or
 - Liquidity needs of the portfolio require that the security be sold.

III. Standards of Care

1. **Prudence.** The standard of prudence to be used by MoDOT investment officers shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The standard of prudence to be used by MoDOT financial advisors shall be the "prudent expert" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

2. **Ethics and Conflicts of Interest.** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of MoDOT.

3. **Delegation of Authority.** Authority to manage the investment program is granted to the Resource Management division within MoDOT. Responsibility for the operation of the investment program is hereby delegated to the Resource Management Director and his or her delegate, hereinafter referred to as investment officers, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officers. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officers.

IV. Safekeeping and Custody

1. **Authorized Financial Dealers and Institutions.** MoDOT's Investment Advisor will serve as MoDOT's Financial Dealer and Institution. The Investment Advisor shall retain principal collection subject to MoDOT's direction and shall distribute income to MoDOT. All securities will be registered in the name of Missouri Highways and Transportation Commission unless otherwise instructed. An annual review of the financial condition and registration of MoDOT's Investment Advisor will be conducted by the investment officers. MoDOT's Investment Advisor will supply the following information as requested:
 - o Audited financial statements; and
 - o Certification of having read and understood and agreeing to comply with MoDOT's investment policy.
2. **Internal Controls.** The investment officers are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of MoDOT are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officers shall establish a process for an annual independent review by an auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- o Control of collusion;
- o Separation of transaction authority from accounting and record keeping;
- o Custodial safekeeping;
- o Avoidance of physical delivery securities;
- o Clear delegation of authority to subordinate staff members;
- o Written confirmation of transactions for investments and wire transfers;
- o Development of a wire transfer agreement with the lead bank and third-party custodian;
- o Timely check of internal trade tickets and dealer confirmations; and
- o Sufficiency check of repurchase agreement collateral on the day of trade execution.

3. **Delivery vs. Payment.** All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. All securities will be held to avoid custodial credit risk as defined by Governmental Accounting Standards Board (GASB) Statement 40 pronouncement.

V. Suitable and Authorized Investments

1. **Investment Types.** In accordance with and subject to restrictions imposed by current statutes, the following list represents the entire range of investments that MoDOT will consider. MoDOT may directly invest in or purchase money market mutual funds with the following as underlying securities:
 - a. United States Treasury Securities. MoDOT may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
 - b. United States Agency Securities. MoDOT may invest in obligations issued or guaranteed by any agency of the United States Government as described in V.2.
 - c. Repurchase Agreements. MoDOT may invest in contractual agreements between MoDOT and commercial banks or primary government securities dealers. The purchaser in a repurchase agreement (repo) enters into a contractual agreement to purchase U.S. Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices. This includes the purchase of reverse repurchase agreements for not longer than ninety days.
 - d. Collateralized Public Deposits (certificates of deposit). Instruments issued by financial institutions, which state that specified sums have been deposited for specified periods of time, and at specified rates of interest. The certificates of deposit are required to be backed by acceptable collateral securities as dictated by State statute.
 - e. Bankers' Acceptances. Time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. MoDOT may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
 - f. Commercial Paper. MoDOT may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total commercial paper program size in excess of five hundred million dollars (\$500,000,000).
2. **Security Selection.** The following list represents the entire range of United States Agency Securities that will be considered and which shall be authorized for the investment of funds by MoDOT. Additionally, the following definitions and guidelines should be used in purchasing the instruments:
 - a. U.S. Govt. Agency Coupon and Zero Coupon Securities. Bullet coupon bonds with no embedded options.

- b. U.S. Govt. Agency Discount Notes. Purchased at a discount with maximum maturities of one (1) year.
- c. U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only with final maturities of five (5) years.
- d. U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed term. Restricted to securities with final maturities of seven (7) years.
- e. U.S. Govt. Agency Floating Rate Securities. The coupon rate floats off one index. Restricted to coupons with no interim caps that reset at least quarterly.
- f. U.S. Govt. Mortgage Backed Securities. Restricted to securities with average life of five (5) years.
 - a. Collateralized Mortgage Obligations – Must pass Federal Financial Institutions Examinations Council (FFIEC) Test

3. Investment Restrictions and Prohibited Transactions. To provide for the safety and liquidity of MoDOT's funds, the investment portfolio will be subject to the following restrictions:

- a. Borrowing for investment purposes ("Leverage") is prohibited.
- b. Instruments known as Structured Notes (e.g., inverse floaters, leveraged floaters and equity-linked securities) are not permitted. Investment in any instrument, which is commonly considered a "derivative" instrument (e.g., options, futures, swaps, caps, floors, and collars), is prohibited.
- c. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.
- d. No more than 5% of the total market value of the portfolio may be invested in bankers' acceptances issued by any one commercial bank and no more than 5% of the total market value of the portfolio may be invested in commercial paper of any one issuer.

4. Collateralization. Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. The market value (including accrued interest) of the collateral should be at least 100%. For certificates of deposit, the market value of collateral must be at least 100% or greater of the amount of certificates of deposits plus demand deposits with the depository, less the amount, if any, which is insured by the Federal Deposit Insurance Corporation, or the National Credit Unions Share Insurance Fund. All securities, which serve as collateral against the deposits of a depository institution, must be safe kept at a non-affiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business days from the settlement date. MoDOT shall have a *depository contract and pledge agreement* with each safekeeping bank that will comply with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This will ensure that MoDOT's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed financial institution.

5. **Repurchase Agreements.** The securities for which repurchase agreements will be transacted will be limited to U.S. Treasury and government agency securities that are eligible to be delivered via the Federal Reserve's Fedwire book entry system. Securities will be delivered to MoDOT's designated Custodial Agent. Funds and securities will be transferred on a delivery vs. payment basis.

VI. Investment Parameters

1. **Diversification.** The aggregate investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:
 - a. U.S. treasuries and securities having principal and/or interest guaranteed by the U.S. government..... <= 100%
 - b. Collateralized time and demand deposits.....<= 100%
 - c. U.S. Government agencies, and government sponsored enterprises..... <= 100%
 - i. No more than 50% of portfolio in one Government-sponsored enterprise
 - d. Collateralized repurchase agreements..... <= 50%
 - e. U.S. Government agency callable securities..... <= 50%
 - f. Commercial Paper..... <= 30%
 - g. Bankers' Acceptances.....<= 30%
2. **Maximum Maturities.** To the extent possible, MoDOT shall attempt to match its investments with anticipated cash flow requirements. MoDOT shall adopt weighted average life limitations for the portfolio that should not exceed three (3) years and is consistent with the investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as in bank deposits or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

VII. Reporting

1. **Methods.** The investment officers shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow MoDOT to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the MoDOT Investment Advisory Board. The Investment Advisory Board will be made up of the four fund managers investing funds outside of the State Treasurers Office, MoDOT's Chief Financial & Administrative Officer and the MoDOT investment officers. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
 - Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with GASB requirements).
 - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
 - Listing of investment by maturity date.
 - Percentage of the total portfolio that each type of investment represents.
- 2. Performance Standards.** The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.

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.

- 3. Marking to Market.** The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least monthly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed. In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

VIII. Policy Considerations

- 1. Exemption.** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
- 2. Amendments.** This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officers and the MoDOT Investment Advisory Board, as well as the individual(s) charged with maintaining internal controls.

IX. List of Attachments

The following documents, as applicable, are attached to this policy:
(The list of attachments that would be necessary upon implementation)

- Listing of authorized personnel,
- Relevant investment statutes and ordinances,
- Repurchase agreements and tri-party agreements,
- Listing of authorized broker/dealers and financial institutions,
- Credit studies for securities purchased and financial institutions used,
- Safekeeping agreements,
- Wire transfer agreements,
- Portfolio stress testing if necessary,
- Sample investment reports.

Missouri Department of Transportation

Attachment D

Banking Services RFP - Pricing Table

Transaction Fees	Volume Estimate Calculation	Estimated Annual Volume	Unit	Initial Contract Period Unit Bid Price	Estimated Annual Transaction Fees	Renewal Period 1 Unit Bid Price	Renewal Period 2 Unit Bid Price	Offeror Comments
Account Maintenance & On-line Access	5 accounts @ 12 months	60	monthly fee per account	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Deposits	12 Month Summary Statistics	94	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Deposited Checks (un-encoded)	12 Month Summary Statistics	122	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Cash Deposits	12 Month Summary Statistics	0	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Remote Deposits	12 Month Summary Statistics	185	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Remote Deposited Checks	12 Month Summary Statistics	884	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Deposited Returned Items	12 Month Summary Statistics	15	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Redeposit of Deposited Returned Items	12 Month Summary Statistics	15	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Remote Deposit Machines	3 machines @ 12 months	36	monthly fee per account	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Checks Paid (Positive Pay)	12 Month Summary Statistics	9,341	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Checks Paid (Not thru Positive Pay)	12 Month Summary Statistics	9	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Stop Payments	12 Month Summary Statistics	18	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Images on CD-ROM (Cleared Checks)	12 Month Summary Statistics	9,341	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
ACH Credits	12 Month Summary Statistics	505	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
ACH Debits	12 Month Summary Statistics	225	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
ACH Returns	12 Month Summary Statistics	0	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Wire Transfers (In-coming)	12 Month Summary Statistics	20	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	
Wire Transfers (Out-going)	12 Month Summary Statistics	266	per item	\$0.00000	\$0.00	\$0.00000	\$0.00000	

Other Service Costs (please detail):

Total Estimated Annual Transaction Fees for the Initial Contract Period: \$0.00

Investment Services Fees

Average Annual Amount: \$149,839,797

Annual Percent of Market Value: 0.0000%

Bid Investment Fee

\$0.00

Estimated Annual Investment Fees for the Initial Contract Period

Earnings on Overnight Repurchase Agreements

Average Annual Amount: \$21,784,660

Bid Spread (+ or -) to 13-Week U.S. Treasury Bill Discount Rate (Average)

0.0000%

13-Week U.S. Treasury Bill Discount Rate (Average)

0.875%

Estimated Bid Earnings Rate on Overnight Repurchase Agreements

0.875%

Estimated Annual Earnings on Overnight Repurchase Agreements for the Initial Contract Period: \$190,615.78

Missouri Department of Transportation
Attachment D

Banking Services RFP - Pricing Table

Estimated Annual Net Earnings / (Fees) of Proposed Banking Services Bid for the Initial Contract Period \$190,615.78

Authorized Signature of Offeror

Date

Printed Name of Offeror

Company Name

Missouri Department of Transportation

Banking Services RFP - Pricing Table Instructions

Instructions to Offeror

1. Offeror must complete the Pricing Table (Attachment D - Pages 1 and 2) in order to be considered responsive to the Request For Proposal. All costs the Offeror is requesting to be paid for by providing the required services must be reflected on the Pricing Table.
2. All gray shaded cells must be bid.
3. For the services listed under the Transaction Fees, enter the Initial Contract Period Unit Bid Price for the given service in the corresponding gray shaded cell and it will be multiplied by the Estimated Annual Volume to calculate the Estimated Annual Transaction Fees for the given service.
4. For any of the services listed under the Transaction Fees that have no charge or does not apply, enter zero (0) into the corresponding gray shaded cell and this will result in the Estimated Annual Transaction Fees for the given service to be zero.
5. For any of the services listed under the Transaction Fees that do not match the category name given by your bank, please note the correct name and explain the difference in the "Offeror Comments" cell.
6. Additional service categories may be added under the "Other Service Costs" in the Pricing Table if necessary. The Offeror must provide: the name of the service; how the volume estimate is calculated; the estimated annual volume; how the unit is priced; the unit bid price; calculate the estimated annual transaction fees; and comments supporting the need for the additional service category.
7. For the Investment Services Fees, enter in the Bid Investment Fee for the Initial Contract Period as an annual percent of the market value of the investment portfolio into the gray shaded cell and this will be multiplied by \$149,839,797 to calculate the Estimated Annual Investment Fees for the Initial Contract Period. If the Offeror is proposing to charge a different form of investment service fees, provide specific details including supporting calculations showing the estimated annual fee.
8. For the Earnings on Overnight Repurchase Agreements, enter in a Bid Spread (plus or minus) to the 13-Week U.S. Treasury Bill Discount Rate into the gray shaded cell for the Initial Contract Period. The Bid Spread will be added to or subtracted from an annual rate of 0.875 percent to determine an Estimated Bid Earnings Rate on the Overnight Repurchase Agreements. This estimated rate will be multiplied by \$21,784,660 to calculate the Estimated Annual Earnings on Overnight Repurchase Agreements for the Initial Contract Period. If the Offeror is proposing to apply a different form of earnings on Overnight Repurchase Agreements, specific details, including supporting calculations, must be provided to estimate the annual earnings. In addition, if the Offeror is proposing to use a different index other than the 13-Week U.S. Treasury Bill Discount Rate, provide specific details including the name of the index, source of the index, an annual average for the index for the period of May 2008 through April 2009 and any other appropriate information regarding the index.
9. The overall Estimated Annual Net Earnings / (Fees) of the Proposed Banking Services Bid for the Initial Contract Period will be determined by adding the Total Estimated Annual Transaction Fees for the Initial Contract Period, the Estimated Annual Investment Fees for the Initial Contract Period and the Estimated Annual Earnings on Overnight Repurchase Agreements for the Initial Contract Period together.
10. The bids in the Pricing Table entered for the Initial Contract Period will be fixed for the period of September 14, 2009 through September 30, 2012. If the Offeror wants to change its bid for the first renewal period (October 1, 2012 through September 30, 2013) and/or for the second renewal period (October 1, 2013 through September 30, 2014), the Offeror must reflect this in the Pricing Table by entering the bid changes into the appropriate gray shaded cell for the appropriate renewal period. If the Offeror does not want change its bid for the renewal periods, the spreadsheet will automatically reflect this.
11. For evaluation purposes, the estimated annual volumes of the transactions and the average annual amounts of investments and overnight repurchase agreements will be used to calculate the Estimated Annual Net Earnings / (Fees) (Fees) of Proposed Banking Services Bid for the Initial Contract Period. However, actual fees and earnings will be based upon actual volumes of the transactions and the actual amounts of investments and overnight repurchase agreements the bank invests on behalf of the MHTC.
12. Modifications to the Pricing Table, except for items associated with Instruction # 7, should not be made without prior approval from MoDOT staff.

Missouri Department of Transportation

Banking Services RFP - U.S. T-Bill Rate

Auction Date	13-Week Discount Rate	Auction Date	13-Week Discount Rate
5/5/2008	1.610%	11/3/2008	0.530%
5/12/2008	1.800%	11/10/2008	0.355%
5/19/2008	1.855%	11/17/2008	0.150%
5/27/2008	1.870%	11/24/2008	0.150%
6/2/2008	1.820%	12/1/2008	0.050%
6/9/2008	1.850%	12/8/2008	0.005%
6/16/2008	2.050%	12/15/2008	0.050%
6/23/2008	1.855%	12/22/2008	0.040%
6/30/2008	1.900%	12/29/2008	0.050%
7/7/2008	1.865%	1/5/2009	0.150%
7/14/2008	1.610%	1/12/2009	0.120%
7/21/2008	1.520%	1/20/2009	0.140%
7/28/2008	1.695%	1/26/2009	0.150%
8/4/2008	1.710%	2/2/2009	0.270%
8/11/2008	1.870%	2/9/2009	0.340%
8/18/2008	1.850%	2/17/2009	0.325%
8/25/2008	1.710%	2/23/2009	0.300%
9/2/2008	1.685%	3/2/2009	0.280%
9/8/2008	1.690%	3/9/2009	0.240%
9/15/2008	1.050%	3/16/2009	0.250%
9/22/2008	1.420%	3/23/2009	0.225%
9/29/2008	1.100%	3/30/2009	0.195%
10/6/2008	0.460%	4/6/2009	0.200%
10/14/2008	0.500%	4/13/2009	0.180%
10/20/2008	1.250%	4/20/2009	0.135%
10/27/2008	0.900%	4/27/2009	0.135%
Average Weekly Rate			0.875%

Source: Historical Securities Search Results from treasurydirect.gov/RI/OFAuctions