

MMRS Steering Committee January 24, 2003

A called meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee was held at 1:30 PM in the 13th Floor Conference Room, Woolfolk 13th Floor, Jackson, Mississippi, on Friday, January 24, 2003.

The following members were present:

Gary Anderson, Chairman and Executive Director, Finance and Administration
J. K. Stringer, Vice-Chairman and Executive Director, State Personnel Board
David L. Litchlitter, Executive Director, Information Technology Services

Also present were:

Cille Litchfield, DFA, MMRS Administrator
Gary Morgan, DFA, Bond Advisory Division Director

A quorum being present, Mr. Anderson called the meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee to order.

Mr. Anderson presented agenda item 1:

- Review and approve the minutes of the meeting of the MMRS Steering Committee for December 6, 2003.

On a motion by Mr. Stringer, seconded by Mr. Litchlitter, the minutes were approved as presented.

Mr. Anderson asked Mrs. Litchfield to present agenda item 2:

- Discuss status of payments for FY2003 billings;
- Discuss issues with IHL billings for GENIE;
- Review revised recommendation regarding payback of the MMRS Revolving Fund Loan;
- Modify/rescind previously approved Bond Commission recommendation for the payback of the loan;
- Approve initial payment on loan.

Mrs. Litchfield stated that invoices for \$5.488M were issued in December 2002. Outstanding invoices as of the meeting totaled \$1.773M. Mrs. Litchfield also stated that GENIE charges were allocated incorrectly to seven of the Institutions of Higher Learning and that these costs would be repaid from DFA/MMRS's Statewide Cost Allocation Funds.

Mrs. Litchfield presented the attached plan (Attachment A) for repayment of the loan and discussed the meetings held with Marshall Bennett, State Treasurer; Mike Moore, Attorney General; Senator Jack Gordon, Chairman, Senate Appropriations; and Representative Charlie Capps, Chairman, House Appropriations during the preparation of this plan. Mrs. Litchfield also acknowledged the roles of Sandra Lohrisch, Director, DFA's Office of Budget and Accounting and Gary Morgan, Director, DFA's Bond Advisory Division in preparation of this plan. The plan uses the recovery of MMRS expenditures from the Statewide Cost Allocation Fund (SWCAP) to repay the MMRS Revolving Fund loan. This approach has been review with Maximus, DFA's cost allocation contractor for general compliance with federal regulations. Recovery of the SWCAP expenditures will allow us to continue our operations and enhancement plans using the funds from 3125 while meeting the obligations to repay the loan.

On a motion by Mr. Stringer, seconded by Mr. Litchlitter, the revised recommendation and initial payment were approved. Mrs. Litchfield was instructed to work with Gary Morgan to have this item added under Other Business to the Agenda for the Bond Commission Meeting scheduled for Monday, January 27, 2003, and to work with Sandra Lohrisch and the Office of Fiscal Management to have the payment processed prior to the Bond Commission meeting.

Mr. Anderson presented agenda item 3:

- Review Domino.Doc Health Check findings;
- Approve request to spend up to \$500,000 on remediation activities as required.

Mrs. Litchfield reported that the official Domino Health Check report had been received from IBM/Lotus. MMRS has begun to work with ITS to acquire appropriate resources to take us through the tactical remediation and to get a plan in place for strategic remediation. Mrs. Litchfield asked the Committee to approve expenditures up to \$500,000 to accomplish these objectives.

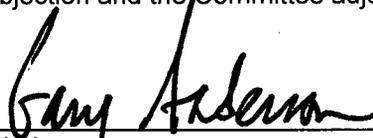
Mr. Anderson presented agenda item 4:

- Update on ACE.

Mrs. Litchfield discussed that approximately 13% of those receiving W2s for 2002 have signed up for ACE. That number continues to grow daily. The Steering Committee asked that Mrs. Litchfield inform the MMRS staff of their thanks for the success of this effort.

On a motion by Mr. Stringer, seconded by Mr. Litchlitter, the request to spend up to \$500,000 on remediation services was approved.

Mr. Anderson asked if there was additional business to come before the Steering Committee. Since there was no further business to come before the Committee, Mr. Anderson moved to adjourn. There was no objection and the Committee adjourned.



Chairman
Finance and Administration



Vice Chairman
State Personnel Board



Member
Information Technology Services

Attachment A
MMRS Revolving Fund Repayment Schedule
Approved By The MMRS Steering Committee
January 24, 2003

Year	Balance	Payments	Cumulative Principal	Ending Balance
2003	\$15,000,000	(\$3,000,000)	\$3,000,000	\$12,000,000
2004	\$12,000,000	(\$1,000,000)	\$4,000,000	\$11,000,000
2005	\$11,000,000	(\$1,000,000)	\$5,000,000	\$10,000,000
2006	\$10,000,000	(\$1,000,000)	\$6,000,000	\$9,000,000
2007	\$9,000,000	(\$1,000,000)	\$7,000,000	\$8,000,000
2008	\$8,000,000	(\$1,000,000)	\$8,000,000	\$7,000,000
2009	\$7,000,000	(\$1,000,000)	\$9,000,000	\$6,000,000
2010	\$6,000,000	(\$1,000,000)	\$10,000,000	\$5,000,000
2011	\$5,000,000	(\$1,000,000)	\$11,000,000	\$4,000,000
2012	\$4,000,000	(\$4,000,000)	\$15,000,000	\$0
2013	\$0	\$0	\$15,000,000	\$0
2014	\$0	\$0	\$15,000,000	\$0

Assumptions:

1. No repayments of loan will be considered as a recoverable expense of Fund 3125 (Federal circular A-87).
2. Beginning in FY2004, MMRS will include recovery of MMRS related expenditures from SWCAP funds (fund 3143) in the billings.
 - a. The total appropriation of these funds annually is \$811,594.
 - b. We only included recovery of \$500,000 per year in this schedule in order to have a cushion for unallowable interest recoveries and equipment depreciation costs.
 - c. Recovery of the SWCAP funds is key to repayment of the loan.
 - d. SWCAP expenditures will only be recovered as long as it is necessary to ensure a sufficient cash balance to make the scheduled loan payment.
 - e. SWCAP expenditures will be allocated on the same basis as similar funds used from the MMRS Revolving Fund.
3. Total expenditures for FY2003 from fund 3125 are estimated at \$1M under the appropriation.
4. Total expenditures for FY2004 forward are projected at \$6M per year from fund 3125.
5. All loan payments will be SAAS JVs returning funds to the GF/SF pool.
6. \$4M was transferred to the Budget Contingency Fund during the 2002 Regular Session of the Legislature pursuant to HB1317. This schedule assumes a final balloon payment in 2012 of \$4M. The funds transferred out via HB1317 must be restored or this schedule will have to be revised.
7. Transfers of additional cash to the Budget Contingency Fund from fund 3125 will result in revisions to this plan and place MMRS operations at risk.
8. Changes to the DFA SWCAP appropriation will result in revisions to this plan and place MMRS operations at risk.
9. Cash balance remains sufficient to support the projected loan payments.
10. Payments will be due and payable not later than April 18th of each year.
11. MMRS will be required to move to a quarterly billing process in FY2004.
 - a. This will be a lag-based recovery.
 - b. During FY2009, MMRS will accelerate recovery by one quarter (will recover one full year plus the first quarter of FY2009 during FY2009). This is required to maintain a sufficient cash balance to make the loan payment.
12. Should cash become available, MMRS may accelerate the repayment schedule.
13. No Bond Commission action is required for this repayment plan to be implemented.
14. Any action impacting the stated assumptions will result in DFA/MMRS revising the plan.