

MMRS Steering Committee July 22 2002

A called meeting of the Mississippi Management and Reporting System (MMRS) Steering Committee was held at 3:00 PM in the DFA Conference Room, Woolfolk 13th Floor, Jackson, Mississippi, on June 27, 2002.

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. Litchliter, Executive Director, Information Technology Services

Also present were:

Cille Litchfield, DFA, MMRS Administrator
Marshall Bennett, State Treasurer
Liz Majure, Deputy State Treasurer
Mel Cordua, ITS
Jim Hurst, DFA
Leila Malatesta, DFA
Donna Rogers, Office of the Attorney General, counsel for ITS

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 June 27, 2002, as continued July 1, 2002.

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

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

- Review and approve Project #33977 for the sole source engagement with Clareon Corporation subject to review and satisfaction of the following:
 - Pursue the efficiencies and be at least cost neutral – Mrs. Litchfield reported that the DFA staff believe this can be achieved;
 - Pursue a 2 year deal with 3 – 1 year possible renewals – Mrs. Litchfield reported this was negotiated in the Article 1.1 of the Agreement;
 - Include that the contract can be cancelled on 30 days notice – Mrs. Litchfield reported that this is negotiated in Article 10.2 of the Agreement;
 - Include that Clareon cannot use the State's name to force vendors to enroll in the network – Mrs. Litchfield reported this was negotiated in Exhibit A (Statement of Work) in I.A.1;
 - Pursue tiered pricing that is volume driven – Mrs. Litchfield reported this was negotiated in Exhibit A (Statement of Work) in Appendix CC;
 - Obtain approval for the sole source engagement from the ITS Board – Mrs. Litchfield reported this was approved by the ITS Board on July 19, 2002;
 - Include Mr. Bennett in further negotiations of the engagement – Mrs. Litchfield reported that the Clareon project team met with Treasury staff, including Mr. Bennett on July 18, 2002 and are working with Clareon on contract language to deal with his concerns and are in process of incorporating his requested changes into the Agreement;
 - Obtain final approval from the MMRS Steering Committee before the Agreement is signed – Mrs. Litchfield reported that this is the objective of today's meeting;

- Mrs. Litchfield further reported that the following outstanding issues remain:
 - Resolution of the contractual terms for rebating to the State float lost due from Adequate Education funds being held more than one banking day due to how the statutory pay date and a State holiday that is not a banking holiday may fall;
 - Approval under the Administrative Procedures Act (APA) the DFA rule adopting UETA and insertion of corresponding language into the Agreement that while work on the project may begin, the initial transactions cannot be processed until the effective date of the rule. This rule is submitted for the approval of the MMRS Steering Committee Approval today;
 - Miscellaneous minor language clean-up which is in process;
 - Review of the engagement with the Office of the State Auditor which has been scheduled for 3:30 PM on July 22, 2002, and resolution of any issues identified by that office; and
 - Revision of the work plan to reflect an estimated on-site start for the week of September 3, 2002, which is in process.

Mr. Bennett discussed his question to ACS regarding whether or not they can provide this same service. Per Audrey Rowe of ACS, ACS offers this service for companies currently but not for States.

Mr. Bennett also discussed that this changes the Treasury's approach to cash management since money will be going out of the Treasury faster. Mrs. Litchfield said that one of the opportunities with Clareon is to also do a pilot of the Treasurer's choice to bring money in faster.

Additional discussion occurred on how the need to formally adopt the Uniform Electronic Transaction Act (UETA) occurred. Mrs. Rogers reported that Clareon's counsel required that this be done as a protection for the company against unlimited liability on transactions governed by UETA.

On a motion by Mr. Litchlitter, seconded by Mr. Stringer, the Clareon engagement was approved pending the resolution of the outstanding contractual issues.

On a motion by Mr. Litchlitter, seconded by Mr. Stringer, the E-payment Rule #2 – Uniform Electronic Transaction Act Adoption – was approved pending final review by Deanne Mosley, the Attorney General's representative for DFA.

Mr. Anderson presented agenda item 3:

- MMRS Revolving Fund loan
 - Review and approve Bond Commission recommendation regarding HB1317 transfer of \$4 million from fund 3125 to the Budget Contingency Fund;
 - Modify/rescind Bond Commission previously approved recommendation for extending the payback begin date.

On a motion by Mr. Stringer, seconded by Mr. Litchlitter, the following was approved:

- Pending resolution to address the payback start dates for the MMRS Revolving Fund as was approved for presentation to the Bond Commission by the MMRS Steering Committee on September 10, 2002, was rescinded.
- Be authorized to do the following beginning April 2003:
 - Recover the \$4 million removed from Fund 3125 pursuant to HB 1317 and reduce the loan balance:
 - Record interest earned on investments on or after April 2003, against Fund 3125's "Adjusted Fund Balance" (the \$4million) and "Due To Other Funds" (the \$15 million loan) and transfer this interest earned to the General Fund/Special Fund Pool;
 - Record interest collected from State Agencies on or after April 30, 2003,

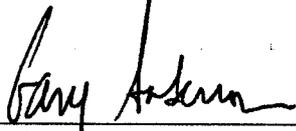
- against Fund 3125's "Adjusted Fund Balance" (the \$4 million) and "Due To Other Funds" (the \$15 million loan) and transfer this interest collected to the General Fund/Special Fund Pool;
 - Record any end of fiscal year end balance of over \$15M against Fund 3125's "Adjusted Fund Balance" (the \$4million) and "Due To Other Funds" (the \$15 million loan) and transfer these monies to the General Fund/Special Fund Pool;
- Once the \$4 million is recovered and the loan balance reduced to \$11 million, bring forth a structure to recover the remainder of the loan.

Mr. Anderson presented agenda item 4:

- FY2002 Loan to ITS for Mississippi.gov
 - Review and approve invoicing related to the \$568,041 expended by DFA/MMRS for the implementation of the Mississippi.gov Portal Payment Engine on behalf of ITS:
 - Recommend invoice the total borrowed be reduced by the amount of the 3-year license for EzGov's Payment Engine (PE) (\$90,000 X 3 = \$270,000) due to DFA's central responsibilities for PE and that interest be added to the balance of \$298,031 based on the FY2002 average rate of return on the General Fund/Special Fund Pool (2.88%).

On a motion by Mr. Stringer, seconded by Mr. Anderson, with Mr. Litchlitter abstaining, the Committee approved the invoicing of \$298,031 plus interest.

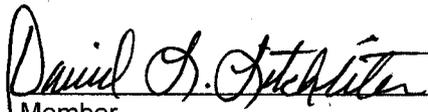
Mr. Anderson asked if there was additional business to come before the Steering Committee. Since there was no further business to come before the Committee, Mr. Anderson moved to adjourn. There was no objection and the Committee adjourned.



Chairman
Finance and Administration



Vice-Chairman
State Personnel Board



Member
Information Technology Services