

Management Committee

Meeting date: November 8, 2017

For the Metropolitan Council meeting of November 29, 2017

Subject: Report of 2017 Volume-Based Financial Contracts

District(s), Member(s): All

Policy/Legal Reference: Procurement policies apply

Treasury Staff Prepared/Presented: Rich Koop, Senior Manager (602-1629)

Division/Department: Finance/Treasury

Proposed Action

Approve a report of 2017 volume-based financial contracts reflecting service provided in the following contracts:

1. Wells Fargo and US Bank - General banking services
2. Elavon, authorize.net and PayPal - Credit card processing, gateway and managed payment services
3. Bank of America (BofA) - Purchasing card services
4. Wells Fargo and US Bank - Custodian, securities lending, trustee and escrow

Background

The Council has a number of financial processing needs which are served by contracts whose total dollar cost varies with changes in transaction volumes; as transaction volumes increase for a contract, the cost of the contract increases proportionately. Establishing fixed rates “per transaction” rather than a fixed dollar value for the contract, assures continuous services throughout the contract term.

<i>Contract</i>	<i>Description</i>	<i>Volume (annual)</i>	<i>Est. 2017 Expense</i>
General Banking	Other Bank Services (Amount is net the earning credit)	Multiple Types	\$50,000
	Coin & Currency	Multiple Types	\$35,000
Merchant Banking	Credit Card Transactions	1.9 million	\$680,000
Purchasing Card	P-Card Transactions (\$25 million of spend. Expense)	32,000	-\$350,000

	is a negative as is a rebate back to the Council)		
Custody & Sec Lending	Investments Custodian	\$550 million	\$35,000
Trustee Services	VEBA HRA, etc.	\$2 million	\$2,000
Escrow Services	Refunding Bond Accts.	Varies	\$2,000

Rationale

This business item provides the Management Committee with an annual opportunity to review these financial services relationships and the estimated transaction volumes/fees.

Thrive Lens Analysis

Stewardship – Competitively bidding the Financial Institutions services provides the best pricing and service to the Council.

Funding

The above actions result in no changes to the funding channels. The unpredictable volume of transactions is the primary determinant of total expenses.

Known Support / Opposition

None