

## Management Committee

Meeting date: June 13, 2018

For the Metropolitan Council meeting of June 27, 2018

**Subject:** Contracts for Banking Services

**District(s), Member(s):** All

**Policy/Legal Reference:** Policy 3-4-3 (Procurement); Minnesota Statute 473.542

**Staff Prepared/Presented:** Rich Koop, Senior Manager, Treasury (651-602-1629)

**Division/Department:** Regional Administration / Finance

### Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute the following contracts:

- 1) General banking services with Wells Fargo Bank in an amount not to exceed \$550,000
- 2) Investment custodian services with Wells Fargo Trust in an amount not to exceed \$250,000
- 3) Procurement card services with Bank of America in an amount not to exceed \$100,000;

at the fixed unit prices provided in their proposals for a time period to not exceed five years.

### Background

The Council has had a successful banking relationship with its current financial depository institution (Wells Fargo) and procurement card provider (Bank of America). In keeping with the practice of periodically offering opportunities for businesses to bid for our business, the Council issued a request for proposals (RFP) for general banking, investment custodian trust and procurement card (P-Card) services. We received four qualified proposals for general banking, six qualified proposals for custodian investment services and five qualified proposals for P-Card services.

Out of the four proposals for general banking services, Wells Fargo submitted one of the most complete proposals and offered overall the lowest cost using the Council's recent volumes and is 10% less than the current contract.

Out of the six proposals for investment custodian services, Wells Fargo Trust submitted one of the most complete proposals and offered overall the lowest cost using the Council's recent volumes and is 65% less than the current contract.

Out of the five proposals for P-Card services, Bank of America submitted one of the most complete proposals and offered overall the best rebate with zero costs. The rebate is a 16% increase over the current contract.

The general banking contract will provide core banking services to the Council including financial deposits and payment processing. The investment custodian services contract will provide core custody services to the Council including holding and settling all investment transactions. The procurement card services contract will provide P-Card services. The contracts will specify agreed upon unit prices rather than total value; the contract is expected to cover an initial 3-year term with an option for two annual renewals.

## **Rationale**

Proposals were evaluated on four criteria: 1) Quality, 2) Qualifications, 3) Experience, and 4) Price. The RFP also included a Financial Institutional Questionnaire which its results were included in the Qualifications criteria. The proposal review team was comprised of six staff members: two from Treasury, one from Business Systems Support, one from Metro Transit, one from Community Development and one from Procurement.

Over a five-year period, the Council expects to save approximately \$60,000 on the general banking contract, approximately \$125,000 on the investment custodian contract and to be paid approximately \$365,000 more in rebate on the P-Card contract.

The earnings credit in the general banking contract is being increased from 35 basis points to 85 basis points. This allows the Council to leave \$9 million less in the checking account to earn a credit to offset the bank charges. Invested at 2%, this \$9 million will generate an extra \$180,000 in investment earnings annually.

## **Thrive Lens Analysis**

Stewardship – Competitively bidding for general banking services, investment custodian services and P-Card services provides the best pricing and service to the Council.

## **Funding**

Banking and custodian fees are funded through the Council's costs allocation process and are included in the operating budget. The P-Card program does not incur any fees and receives a rebate from its transactions.

## **Known Support / Opposition**

None