

## Management Committee

Meeting date: March 11, 2020

For the Metropolitan Council meeting of March 25, 2020

**Subject:** 2020 Authorized Financial Institutions for Certificate of Deposit Program

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

**Policy/Legal Reference:** Appendix to Council Policy on Investments, Minnesota Statutes 473.542 and 118A

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

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

### Proposed Action

That the Metropolitan Council approve the attached list of Authorized Financial Institutions for the Certificate of Deposit Program.

### Background

Minnesota State Statute 118A allows for the investment of public funds in Certificates of Deposits (CD) with designed depositories. The Metropolitan Council is beginning to place a portion of its long-term investment portfolio in the form of CD's in qualifying community banks and credit unions that have a successful track record of loaning funds to people of color and indigenous people, female or small businesses, in affordable housing initiatives, unbanked programs and community development. Any investment with these institutions is expected to be used for these purposes.

Treasury sent out applications to 175 Banks/Credit Unions in the Metro region inquiring if they would like to participate in this CD program. We received seven applications from banks ranging in size from \$69 million to \$13 billion in assets. The Council is projecting to invest a total of \$20-25 million in CD's.

The Investment Review Committee at its February 25, 2020 approved all seven institutions as banks the Council would like to invest with. The dollar amount invested at each bank will range from \$1-4 million.

In accordance with the Council's investment policy, all banks and brokerage companies doing business with the Council, whether they are receiving funds as deposits or for investments, must be approved by the Council before they receive Council funds. Pursuant to Minnesota Statute 473.542, the Council shall designate one or more national or state bank, or trust companies, as official depositories before conducting business with said financial institution.

### Rationale

This request is presented to the Council at least annually so that the Council is kept informed of its financial partners; it is also presented when new Financial Institutions are added to the list as is this case.

The seven banks who have applied to be providers of CD's for the Council are currently not approved as financial providers and must be Authorized Financial Institution before any investment can happen.

### **Thrive Lens Analysis**

Targeted CD investments maintain **Stewardship** over our investment portfolio through competitive solicitation of Financial Institutions to provide market rate of return and safety of principal consistent with state statute and our Investment Policy.

Leveraging our investment opportunities through the targeted CD program positively impacts **Equity** within the communities we serve. Financial institutions with whom we invest have Community Reinvestment Act (CRA) scores reflecting track record of providing loan funds within the community for small businesses, affordable housing initiatives, unbanked programs and community development.

### **Funding**

This program is within the Council's Investment Portfolio.

### **Known Support / Opposition**

Interest and support from banking community. No known opposition.

METROPOLITAN COUNCIL  
2020 Authorized Financial Institutions for Certificate of Deposit Program  
Dated: March 11, 2020

**Certificate of Deposit Program**

Maple Bank  
Riverland Bank  
First Resource Bank  
21<sup>st</sup> Century Bank  
Hiway Federal Credit Union  
Merchants Bank  
Bremer Bank  
PNC Bank