

Management Committee

For the Metropolitan Council meeting of December 10, 2014

Subject: Affirmation of 2015 Transaction-Based Financial Contracts

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to amend the terms of the following volume-based financial contracts, as needed, so as to provide continued service through December 31, 2015:

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

Summary of Committee Discussion/Questions

The Council has a number of essential 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. Senior Manager (Treasury), Allen Hoppe, talked about the growth in credit card processing fees associated the growth of Transit ridership and credit card transactions. The Council’s purchasing card transaction numbers have increased as has the associated rebate to the Council.

Management Committee

Meeting date: November 12, 2014

For the Metropolitan Council meeting of December 10, 2014

Subject: Affirmation of 2015 Transaction-Based Financial Contracts

District(s), Member(s): All

Policy/Legal Reference: Procurement policies apply

Treasury Staff Prepared/Presented: Allen Hoppe, Senior Manager (602-1629)

Division/Department: Finance/Treasury

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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. 2015 Expense</i>
General Banking	Other Bank Services	Multiple Types	\$65,000
	Coin & Currency	Multiple Types	\$35,000
Merchant Banking	Credit Card Transactions	#2 million	\$350,000
Purchasing Card	P-Card Transactions (\$12 million of spend)	#28,000	-\$160,000
Custody & Sec Lend	Investments Custodian	\$500 million	\$40,000

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.

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