

### Management Committee

For the Metropolitan Council meeting of: December 9, 2015

**Subject:** Affirmation of 2016 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 continue service through December 31, 2016:

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

Richard Koop, Senior Treasury Manager, stated it is an annual process to affirm the Transaction Based Financial Contracts. Mary Bogie explained since the total costs of these contracts vary based on transaction volume, it is important to update the Council on the transaction volume and cost.

Council Member Melander asked the question of how one goes about getting on the list of Authorized Financial Institutions. This question was in reference to item 2015-278 in which Mr. Koop responded that for Banking Services, it is best practices to issue a Request for Proposal every 5 years. He further explained the Council switched banking services from US Bank to Wells Fargo 2 years ago and have 3 years remaining on the current Wells Fargo contract.

Chairman Chavez stated the Management Committee would like to be engaged in the next Request for Proposal process.

## Management Committee

Meeting date: November 18, 2015

For the Metropolitan Council meeting of December 9, 2015

**Subject:** Affirmation of 2016 Transaction-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

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, 2016:

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. 2016 Expense</i>
General Banking	Other Bank Services	Multiple Types	\$50,000
	Coin & Currency	Multiple Types	\$35,000
Merchant Banking	Credit Card Transactions	#1.7million	\$550,000
Purchasing Card	P-Card Transactions (\$22.4 million of spend)	#32,000	-\$268,000

Custody & Sec Lend	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.

**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