

Management Committee

For the Metropolitan Council meeting of: December 14, 2016

Subject: List of 2017 Authorized Financial Institutions

Proposed Action

That the Metropolitan Council approve the attached list of Authorized Financial Institutions for 2017.

Summary of Committee Discussion/Questions

Richard Koop, Senior Treasury Manager, presented business item 2016-225 which is an annual process that approves the list of Authorized Financial Institutions for the following year.

Mr. Koop described the status of our banking contract with Wells Fargo, the Council's banking partner. The banking contract was awarded to Wells Fargo in the summer of 2012 with the contract formally signed and banking services transitioned from US Bank in June of 2013. The contract is a 5 year contract with 18 months remaining. The Treasury division will begin working on a banking Request For Proposal (RFP) in the spring of 2017 consulting with Procurement on criteria for the RFP. Treasury will review the RFP with the Management Committee prior to the RFP hitting the street.

Chair Chavez requested the Management Committee be given a long runway on the item meaning plenty of time to review the banking RFP before it hits the streets. Council member Melander asked if the contract had a termination clause which is does which is 30 day written notice by either party.

Motion by Rodriguez, Seconded by Kramer. Consent to Council.

Management Committee

Meeting date: November 9, 2016

For the Metropolitan Council meeting of December 14, 2016

Subject: List of 2017 Authorized Financial Institutions

District(s), Member(s): All

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

Treasury Staff Prepared/Presented: Rich Koop, Senior Manager (602-1629) and Jacob LaVigne Financial Analyst, (602-1436)

Division/Department: Finance

Proposed Action

That the Metropolitan Council approve the attached list of Authorized Financial Institutions for 2017.

Background

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. The designation shall be in writing and shall set forth all the terms and conditions upon which deposits are made, and shall be signed by the Chair and Treasurer, and be made a part of the minutes of the Council.

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 parties are added to the list.

Thrive Lens Analysis

Stewardship – Competitively bidding the Financial Institutions services provides for the best pricing and service to the Council. Working with six investment brokers allows the Council to obtain the best pricing when selling securities and a larger inventory of investments to select on the buy side.

Funding

Except for the commodity hedging account, investment purchases are done primarily on a net settlement basis whereby the broker fee is built into the cost of the investment being purchased or sold. Hedging brokerage fees are funded by the benefiting Council division.

General banking and merchant banking credit card processing fees are funded within the budgets of benefiting business divisions. There are no fees typically charged to the Council for certain card usages: purchasing card (a.k.a., P-Card), payroll debit cards, and payment debit cards provided to housing program participants for utilities payment reimbursements.

Known Support / Opposition

None

METROPOLITAN COUNCIL
2017 Authorized Financial Institutions and Service Providers
Dated: December 14, 2016

Banking Services (Official Depositories)

U.S. Bank, N.A. (including East Grand Forks controlled disbursements site)
Wells Fargo Bank, N.A. (including Van Wert, Ohio controlled disbursement site)

Card Providers, Gateways, Acquirers and Processors

Authorize.net (bar code sales channel)
PayPal (Transit inventory sales via eBay)
Bank of America (purchasing credit card)
Elavon Inc. (credit card processing and managed payment processor)
PayPal (Metro Transit excess inventory sales)
Braintree (Metro Transit Mobil payment product)
Moovel (Metro Transit Mobil payment product)
The Bancorp Bank, (VEBA HRA pharmacy debit cards)
Total Administrative Services Corp (TASC FLEX debit cards)
US Bank (payroll debit card and housing debit card)

Custodial, Securities Lending, Trust, Escrow and Hedge Clearing Accounts

R.J. O'Brien (clearing account for hedges)
State Street (OPEB portfolio execution & custody)
U.S. Bank National Association (custody, securities lending, trust and escrow)
Wells Fargo Trust (custody, securities lending, trust and escrow)

Securities Broker/Dealers

First Tennessee Capital Markets
Bank of America Merrill Lynch
Piper Jaffray
RBC Wealth Management (also, fronting broker for commodity hedges)
Robert W. Baird & Co.
U.S. Bancorp, N.A.
Wells Fargo Securities, LLC

Money Market Funds

Federated Investors Inc.
First American Funds, Inc.
Goldman Sachs Asset Management
Morgan Stanley
Wells Fargo Advantage Funds

OPEB Balances

Public Employees Retirement Association (PERA)
State Board of Investments (SBI), Minnesota