

Management Committee

For the Metropolitan Council meeting of: November 29, 2017

Subject: List of 2018 Authorized Financial Institutions

Proposed Action

That the Metropolitan Council approve the attached list of Authorized Financial Institutions for 2018.

Summary of Committee Discussion/Questions

Richard Koop, Senior Treasury Manager, presented business item 2017-247 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, and the Council is hoping to have the banking RFP on the street by December 1, 2017.

Mr. Koop spent some time talking about the seven brokers we work with regarding the investment portfolio. The points discussed ranged from the need multiple brokers for better bids to having brokers that can handle large orders and have a direct relationship with the Federal Agencies (FHL, FNMA, FHLMC and Farm Credit). The Council does get multiple cold calls from brokers throughout the year. These firms are put on a list and contacted if an opening occurs. Mr. Koop stated Treasury has given some thought to bidding this service.

Council member Melander asked what services the banking RFP would include with the answer being General Banking, Custody and P-Cards.

Motion by Rummel, Seconded by Rodrigues. Motion carried unanimously. Consent to Council.

Management Committee

Meeting date: November 8, 2017

For the Metropolitan Council meeting of November 29, 2017

Subject: List of 2018 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 Lynn Greiner Financial Analyst, (602-1366)

Division/Department: Finance

Proposed Action

That the Metropolitan Council approve the attached list of Authorized Financial Institutions for 2018.

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
2018 Authorized Financial Institutions and Service Providers
Dated: November 29, 2017

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