

Management Committee

For the Metropolitan Council meeting of December 9,2020

Subject: List of Authorized Financial Institutions for 2021

Proposed Action

That the Metropolitan Council approve the attached list of Authorized Financial Institutions for 2021.

Summary of Committee Discussion/Questions

Mark Thompson, Senior Manager Treasury, presented business item 2020-315.

Mr. Thompson gave the following background: This annual business item provides the Council an opportunity to review and approve the Council's financial services relationships and review financial transaction volumes and fees. The List of Authorized Financial Institutions and a slide showing estimated 2020 financial transaction volumes and fees was reviewed.

Statute requires the Council to declare official depositories before conducting business and Council investment policy requires all brokerage firms and banks used for investment of Council funds to be approved.

Mr. Thompson noted no new institutions were added to the list since the last approval and two institutions were deleted because their services were no longer being used.

Selection of these financial service providers is subject to Council procurement policies and MCUB goals are considered in the selection process.

Committee member Ferguson initiated a discussion about how to incorporate more MCUB brokerage firms. Treasury will look for opportunities to do business with minority or woman-owned brokerage firms or find ways to do business with minority or woman brokers at currently used brokerage firms.

Motion by Johnson and seconded by Gonzalez. Motion carried unanimously.

Management Committee

Meeting date: November 18, 2020

For the Metropolitan Council meeting of December 9, 2020

Subject: List of Authorized Financial Institutions for 2021

District(s), Member(s): All

Policy/Legal Reference: Appendix A to Council Policy on Investments, Minnesota Statutes 473.542 and 118A.03

Staff Prepared/Presented: Mark Thompson, 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 2021.

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. Minnesota Statute 118A.03 requires the financial institution to furnish collateral to secure the Council's deposits.

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 – Competitive solicitation of financial services and demonstrates **Stewardship** over the Council's investment portfolios, banking, credit card transactions, and other financial activities by ensuring needed services are obtained at the best possible pricing.

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

Funding

General banking and merchant banking credit card processing fees are funded within the budgets of applicable 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. Investment purchases are done primarily on a net settlement basis whereby the broker fee is built into the cost of the investment. Hedging fees are funded by the applicable Council division. CD's are within the Council's Investment portfolio.

Known Support / Opposition

No known opposition

Appendix A

METROPOLITAN COUNCIL 2021 Authorized Financial Institutions and Service Providers December 9, 2020

Banking Services (Official Depositories)

U.S. Bank, N.A.
Wells Fargo Bank, N.A.

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)
Braintree (Metro Transit Mobil payment product)
Moovel (Metro Transit Mobil payment product)
The Bancorp Bank, (VEBA HRA debit cards)
US Bank (payroll debit card and housing debit card)
Wells Fargo (recognition cards)

Custodial, Trust, Escrow and Hedge Clearing Accounts

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

Securities Broker/Dealers

First Horizon Capital Markets
Piper Sandler
RBC Wealth Management
Robert W. Baird & Co.
U.S. Bancorp, N.A.
Wells Fargo Securities, LLC

Money Market Funds

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

OPEB Trust Investments

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

Certificate of Deposit Program

Maple Bank
Riverland Bank
First Resource Bank
21st Century Bank
Hi-way Federal Credit Union
Merchants Bank
Bremer Bank
PNC Bank

Volume Based Financial Fees 2020

The Council has financial processing needs whose cost is based on transaction volumes; as transaction volumes increase, the cost increases proportionately.

Contract	Description	Volume (annual)	Est. 2020 Expense
General Banking	Other Bank Services (Amount is net the earning credit)	Multiple Types	\$60,000
Merchant Banking	Credit Card Transactions (\$9.7 million)	398,000	\$273,000
Purchasing Card	P-Card Transactions (\$10.5 million of spend)	16,000	-\$130,000
Custody Services	Investments Custodian (Average amount held)	\$750 million	\$25,000
Trustee Services	VEBA HRA, etc.	\$2 million	\$2,000
Escrow Services	Refunding Bond Accts.	Varies	\$2,000

11.18.2020

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