

Management Committee

For the Metropolitan Council meeting of June 9, 2021

Subject: 2021 List of Authorized Financial Institutions Amendment

Proposed Action

That the Metropolitan Council approve amending the 2021 List of Authorized Financial Institutions to add Drake Bank as an approved institution for the Certificate of Deposit program.

Summary of Committee Discussion/Questions

Mark Thompson, Senior Manager Treasury, presented business item 2021-122.

Mr. Thompson gave the following background: The Council initiated a CD program in April 2020. Under the program the Council purchases Certificates of Deposits at qualifying local community banks who are supporting female and minority-owned small businesses, affordable housing, the unbanked and community development.

The Council has approved \$20-25 million for this program and to-date \$16 million has been invested with 6 banks. Staff is working to grow the number of approved banks in the program and fully allocate the approved \$20-25 million. To join the program banks submit an application and provide financial and Community Reinvestment Act reports. Banks in the program are also reviewed annually to ensure they continue to support the goals of the program.

Drake Bank of St. Paul has submitted an application to join the program, which was reviewed by Treasury staff and the Investment Review Committee. Drake bank is supporting the goals of the program by an initiative to ease account opening requirements to increase access for the unbanked and by financing a female-owned small business which provides portable housing units for homeless veterans.

Prior to making a CD investment with Drake Bank, Council policy and state statute require that Drake bank is added to the Council's List of Authorized Financial Institutions.

Committee member Johnson asked Mr. Thompson to explain the size of the program and size of the CDs purchased. Mr. Thompson explain CDs purchased to date have ranged from \$1 million to \$5 million. They are 1-3 years in length. The anticipated investment with Drake Bank would be approximately \$2 million for 1 year.

Committee member Lee asked if new banks could be referred to the program and who should be contacted. Mr. Thompson explained that there is room to add more banks and referrals are welcomed and could be sent to him. Mr. Thompson will reach out to potential banks to introduce the program.

Motion by Lilligren seconded by Barber. Motion carried unanimously; Ferguson abstained.

Management Committee

Meeting date: May 26, 2021

For the Metropolitan Council meeting of June 9, 2021

Subject: 2021 List of Authorized Financial Institutions Amendment

District(s), Member(s): All

Policy/Legal Reference: 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 amending the 2021 List of Authorized Financial Institutions to add Drake Bank as an approved institution for the Certificate of Deposit program.

Background

In April 2020, the Council began investing in Certificates of Deposits with qualifying community banks and credit unions that have a successful track record of investing loan dollars to support minority and female owned small businesses, affordable housing initiatives, the unbanked and community development. The Council has previously approved \$20-25 million of investments to be made under this program, currently there is \$14 million invested. Staff is working to add more banks to the program and fully allocate \$20-25 million.

Drake Bank submitted an application to the program which was reviewed and approved by the Investment Review Committee. Drake Bank is located in St. Paul and has demonstrated community investments which align with the goals of the Council's CD program. Specifically, Drake bank has worked hard to serve the unbanked and homeless veterans. Subject to this approval and term negotiations, the Council is considering a Certificate of Deposit investment with Drake Bank for approximately \$2,000,000 for a 1-year term.

In accordance with the Council's investment policy and Minnesota Statute 473.542, 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. 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

The Authorized Financial Institutions list is presented to the Council for approval annually, or as adjustments are needed, so that the Council is kept informed of its financial partners.

Thrive Lens Analysis

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

Certificates of Deposit are within the Council's Investment portfolio.

Known Support / Opposition

No known opposition

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