

Committee Report

Management Committee



Committee Meeting Date: September 27, 2023

For the Metropolitan Council: October 11, 2023

Business Item: 2023-218

General Banking, Custody, and P-Card Services, Master Contract 22P328

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to award and execute contracts 22P328A-D, which will provide the Council with General Banking, Custody, and Purchasing Card services, in an amount not to exceed \$770,000.

<u>Contracted Service</u>	<u>Organization</u>	<u>Contract Number</u>	<u>Contract Amount</u>
General Banking	Wells Fargo	22P328A	\$ 550,000.00
General Banking	US Bank	22P328B	\$ 20,000.00
Custody	Principal Custody Solutions	22P328C	\$ 200,000.00
Purchasing Card	Bank of America	22P328D	No Cost

Summary of Management Committee Discussion/Questions

The Business Item was presented by Mark Thompson, Director, Treasury and Lila Eltawely, Enterprise Equity Senior Manager, Office of Equity and Equal Opportunity

The following background was given:

A Request for Proposals issued in February 2023 solicited three financial services – General Banking, Custody and Purchasing Cards. All proposed contracts will be 5 years, likely structured with 3-year initial terms with two one-year extension options. There was no MCUB goal set for this procurement. Proposers were allowed to bid on one, two, or all three of the services.

A presentation reviewed the RFP and explained new concepts that were tried for the first time with this solicitation. First, the Finance department restructured the General Banking portion into smaller pieces to make bidding the Council's banking services more accessible to all size banks. As part of this the Council also invited community banks and held an information session to gauge their interest on this structure. Eleven community banks attended and were very appreciative of the opportunity, with 5 later submitted proposals on portions of General Banking portion. Custody and P-Card could not be broken into separate pieces.

Second, for the first time an equity focused questionnaire was included, required of all proposers, and evaluated as part of the qualifications criteria. OEEO was also represented on all evaluation panels. Ms. Eltawely explained the equity questionnaire included about 20 questions asking proposers about their equity commitment, policies, products, and community involvement. All proposers passed, but a big variance was seen between large and small proposers.

Mr. Thompson reviewed the proposals and award recommendations. Eleven financial institutions submitted proposals, with some proposers bidding multiple service categories. Eight proposals were received for General Banking, four for Custody, and eight for P-Cards. Five community banks bid various smaller banking services, none bid larger activity accounts. Our larger bank accounts were bid by the largest four banks. The panel saw a variety of reasons making it difficult to select a smaller community

bank at this time. As examples, not able to provide services needed, pricing was not competitive, difficulty providing acceptable collateral, delayed timelines for transfers, not familiar with HUD restrictions.

Council Member Lilligren asked how the subgroups were decided? Mr. Thompson explained the rationale behind the breakout of accounts being based on volumes, services needed, and purpose. The five largest dollar heavy volume accounts that are required to sweep together daily were put together in one subgroup. Other bank accounts that operate independently were separated by purpose and could be bid separately as bank chose. Banks were welcome to bid on as many account groups as they like. First time this has been done and a positive step. Ms. Eltawely explained that location and employee convenience dictated the panel recommendation for the St. Paul Skyway Transit store bank account.

Council Member Barber commented during the last banking solicitation in 2018 the Council had trouble getting equity feedback from banks. She commented she is glad to hear we received responses and maybe the industry is changing in a positive way. She is glad they are listening and responding to our request this time.

Council Member Lee asked to see the questionnaire. Copies will be distributed to the Committee.

Council Member Lilligren commented that in a prior role at a different public entity they also went through this same process and after multiple tries had no luck finding a path to banking with small community banks. They ended up carving out activity and intentionally placing it with an MCUB type institution.

There was discussion around lessons learned. Mr. Thompson and Ms. Eltawely commented that the restructuring of the bank accounts and the inclusion of the equity questionnaire were new positive steps and it was a learning process. Work will continue to improve access to all banks in future RFPs and the Council also has the opportunity to support a number of community banks through the CD program, which often provides larger and more stable deposits to these banks. OEEO will be evaluating the use of the questionnaire for the future. The process increased community bank engagement, increased knowledge of community bank capabilities, and all banks gained a better understanding of the Council's banking and equity expectations.

Moved by Lilligren, seconded by Barber; Motion carried



Business Item

Metropolitan Council



Committee Meeting Date: September 27, 2023

For the Metropolitan Council: October 11, 2023

Business Item: 2023-218

General Banking, Custody, and P-Card Services, Master Contract 22P382

District(s), Member(s): All

Policy/Legal Reference: FM 14-2 - Expenditures for the Procurement of Goods, Services, and Real Estate Policy

Staff Prepared/Presented: Mark Thompson, Director Treasury, 651-602-1629; Lila Eltawely, Enterprise Equity Senior Manager, Office of Equity and Equal Opportunity (OEEO), 651-602-1762

Division/Department: Regional Administration / Finance

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to award and execute contracts 22P328A-D, which will provide the Council with General Banking, Custody, and Purchasing Card services, in an amount not to exceed \$770,000.

Contracted Service	Organization	Contract Number	Contract Amount
General Banking	Wells Fargo	22P328A	\$ 550,000.00
General Banking	US Bank	22P328B	\$ 20,000.00
Custody	Principal Custody Solutions	22P328C	\$ 200,000.00
Purchasing Card	Bank of America	22P328D	No Cost

Background

Council banking services are centrally administered by the Treasury department in Regional Administration Finance. Custody services are utilized by the Treasury department and provide investment-related safekeeping, processing, and reporting for the Council's ~\$1.5 billion Short- and Long-term investment portfolios. The Purchasing Card department is also within Regional Administration Finance and administers purchasing card services Council wide. These services were last solicited in 2018.

The Request for Proposals was issued on February 1, 2023. A pre-proposal meeting was hosted by Council staff that outlined the solicitation requirements, discussed project specifications, and responded to plan holder inquires. There were eighteen registered plan holders, thirty consultants, three subcontractors, two plan rooms, and ten plan holders identified as minority, woman, veteran, small, or disadvantaged business enterprises.

The Council received eleven proposals on April 4, 2023, to be evaluated for the consideration of award across three categories of financial services – 1) General Banking services; 2) Custody services; and 3) Purchasing Card services. The RFP invited proposers to bid on one, two, or all three of the services.

To create opportunity for all size banks to bid, for the first time the Council's general banking accounts were divided into four subgroups. An online information session was held to inform potential proposing banks of this new subgroup structure and obtain feedback. Eleven community banks attended this session.

Although a Metropolitan Council Underutilized Business Program (MCUB) goal was not set for this locally-funded procurement, the Council did require the completion of a Financial Equity questionnaire which was part of the evaluation for all proposals. The questionnaire was developed and evaluated with the assistance of the Office of Equity and Equal Opportunity (OEEO).

Four separate panels evaluated proposals for General Banking, Custody, P-Card, and the questionnaire. Evaluation panels included staff from Treasury, Purchasing Card, General Ledger, Environmental Services, Metro Transit, Community Development, and OEEO. Panel consensus meetings were held in May, June, and July. Each panel reached consensus and have recommended four proposers across the three service categories.

All four proposed contracts are expected to be for a period of 5 years, structured with an initial 3-year term with two additional one-year renewal options.

Rationale

Proposals were evaluated on four criteria: 1) Quality, 2) Qualifications, 3) Experience, and 4) Price. The community development and equity based questionnaire was part of the Qualifications criteria.

Of the eight proposals for General Banking services, Wells Fargo's proposal demonstrated an excellent understanding of the products and services needed for the Council's large banking needs as well as offering the lowest total price. The panel recommends Wells Fargo for three General Banking subgroups - A1, A2 and A3. Wells Fargo offered overall the lowest cost using the Council's recent volumes and the proposed pricing is 9% less than the Council's current contract.

The General Banking panel is recommending US Bank for General Banking subgroup A4. This subgroup is for a single deposit account used only by the Metro Transit store located in the St. Paul skyway. This recommendation is based on convenience.

Of the four proposals received for Custody services, the panel came to consensus that Principal Custody Solutions offered a solid combination of staff experience, technical capabilities and offered the lowest cost based on actual Council investment holdings and transaction volumes. The proposal offered fees approximately 60% less than the current contract.

Of the eight proposals received for P-Card services, Bank of America's proposal was comprehensive and demonstrated excellent qualifications and the experience required for the Council's P-Card program. Bank of America also offered one of the highest rebate percentages with zero program costs. At projected spend volumes, the rebate represents a 23% increase over the current contract.

Thrive Lens Analysis

Stewardship – Competitively bidding for general banking services, investment custodian services and P-Card services provides the best pricing and service to the Council.

Funding

General Banking and Custody fees are funded through the Council's cost allocation process and are included in the operating budget. It is expected that all General Banking fees will be paid with earnings credits resulting in a zero net cost. The P-Card program does not incur any fees and receives a rebate from its transactions.



Small Business Inclusion

OEE0 thoroughly reviewed this procurement for MCUB opportunities in accordance with federal and state laws and regulations as well as contract specifications. Upon conclusion of OEE0's research and analysis, no MCUB goal was set. However, the completion of a Financial Equity Questionnaire was required for all proposal submittals. In addition, OEE0's Enterprise Equity Sr. Manager served as a member of all selection panels.

