

# Committee Report

Management Committee



**Committee Meeting Date:** November 8, 2023

**For the Metropolitan Council:** December 13, 2023

## Business Item: 2023-264

2024 Authorized Financial Institutions

### Proposed Action

The Metropolitan Council approve the 2024 Authorized Financial Institutions list

### Summary of Management Committee Discussion/Questions

Mark Thompson, Director Treasury, presented Business Item 2023-264.

Mr. Thompson gave the following background: This annual business item provides transparency of the Council's financial service relationships expected in 2024. Second, approval of the list will satisfy the MN. Statute 473.542 requirement that the Council officially designate its depositories. Third, approval of the list will satisfy MN. Statute 118A.02 and Council Investment Policy requirements that all banks and investment institutions receive Council approval.

The presentation also included for transparency a chart showing the estimated fees that will be paid to financial institutions in 2023. The categories shown on the list were briefly explained. There was only one change from the approved 2023 list, being the addition of a vendor providing credit card services for Transit card vending machines.

Selection of financial service providers on the list is subject to Council procurement policies. The list is not a procurement document or process, its purpose is to provide transparency and complete the statutory and policy approvals mentioned above.

Council Member Cederberg commented she appreciated seeing community banks listed under the CD program category and that the Council is supporting community banks. She also mentioned she is familiar and connected with most of the banks on the list and knows they are important locally and provide support to small business and non-profits in the community. Banks on the list have asked her when the Council will be purchasing more CDs. Mr. Thompson commented in his investment review presentation that the CD program invests in CDs with these local community banks to support their lending into small business, non-profits, and affordable housing. The CD program was put on temporary hold in the spring of 2023 when a "banking crisis" began. The Council thought it was prudent to wait and see how the crisis unfolded before investing public funds in a troubled sector and when banks were failing. Recently, the Council has been researching the health and stability of the community banking sector and the banks in the CD program with the intent of ramping up the CD program and begin investing in CDs again in 2023.

Mr. Thompson mentioned that the Investment Review Advisory Committee has discussed the CD program as well.

Motion by Osman, seconded by Cederberg; Motion carried.

# Business Item

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**District(s), Member(s):** All  
**Policy/Legal Reference:** Appendix to Council Investments Policy FM 3-1  
Minnesota Statutes 473.542 and 118A.02  
**Staff Prepared/Presented:** Mark Thompson, Director Treasury, 651-602-1629  
**Division/Department:** Regional Administration/Finance

### Proposed Action

The Metropolitan Council approve the list of 2024 Authorized Financial Institutions list

### Background

Pursuant to Minnesota Statute 473.542, the Council shall designate one or more national or state banks as official depositories before conducting business with said financial institution. The designation shall be in writing, set forth the terms and conditions upon which deposits are made, be signed by the Chair and Treasurer, and be made a part of the minutes of the Council.

Pursuant to Minnesota Statute 118A.02 and the Council's investment policy, all depositories and investment firms doing business with the Council must receive prior Council approval.

Also, this list and chart provides transparency of the Council's financial relationships and fees paid.

### Rationale

This item is presented to the Council annually to inform the Council of financial services relationships and obtain official designation of depositories as required by statute and policy. It may also be presented when additional financial institutions are proposed.

### Thrive Lens Analysis

The list of Authorized Financial Institutions helps the Council meet the **Stewardship** outcome by being transparent about its financial relationships and the fees paid to these institutions, demonstrating financial resources are being managed wisely.

### Funding

General banking, custody and credit card processing fees are funded within division budgets. Typically the Council does not pay any fees for Purchasing cards, payroll debit cards, and debit cards provided to housing program participants. No commissions are paid to investment brokers. Hedging transaction fees are funded by Transit.

### Small Business Inclusion

There are no direct impacts to small business inclusion associated with the proposed action.

**Metropolitan Council  
2024 Authorized Financial Institutions  
November 8, 2023**

Banking Services (Designated Depositories)

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

Certificate of Deposit Program

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

Card Providers and Processors

Authorize.net (bar code sales channel)  
\*Nayax Cashless Solutions (Transit CVM credit card processing, \$400 weekly)  
Bank of America (purchasing credit card)  
Elavon Inc. (credit card processing and managed payment processor)  
Token Transit (Metro Transit Mobil App ticket provider and payment product)  
US Bank (VEBA HRA debit cards)  
Total Administrative Services Corporation (TASC- benefits provider for flex payment administrator)  
US Bank (payroll debit card and housing debit card)  
US Bank (recognition cards)

Custodial, Trust, Escrow and Hedge Clearing Accounts

R.J. O'Brien (clearing account for fuel hedging)  
State Street (OPEB portfolio execution & custody via SBI)  
U.S. Bank Trust and Custody (trust and escrow)  
Principal Custody Solutions (investment custody, trust and escrow)

Securities Broker/Dealers

FHN Financial Capital Markets  
Piper Sandler  
RBC Capital Markets  
Wells Fargo Securities, LLC.

Money Market Funds

First American Funds, Inc.  
Goldman Sachs Asset Management  
Morgan Stanley  
Allspring Global Investments

OPEB Trust

Public Employees Retirement Association (Administrator)  
Minnesota State Board of Investment (Investment manager)

\*Change from previously approved 2023 Authorized Financial Institutions



## 2023 Financial Services Fees Report

Contract	Description	Annual Volume	Est. 2023 Expense
<b>General Banking</b>	Council Wide Banking Services (Before earnings credit)	Multiple Services	\$84,000
<b>Merchant Banking</b>	Credit Card Transactions (\$15.1 million of payments received)	640,000	\$363,000
<b>Purchasing Card</b>	P-Card Transactions (\$8.5 million of spend)	19,000	-\$120,000
<b>Custody Services</b>	Investment Custodian	\$1.5 billion	\$40,000
<b>Trustee Services</b>	VEBA HRA	\$3.8 million	\$3,000
<b>Escrow Services</b>	Bond Refunding	Per Refunding	\$3,000
<b>OPEB Trust</b>	Administration and Custodian	\$320 million	\$30,000

