

Committee Report

Management Committee



Committee Meeting Date: July 24, 2024

For the Metropolitan Council: August 14, 2024

Business Item: 2024-175

Amendment to 2024 Authorized Financial Institutions

Proposed Action

The Metropolitan Council approve amending the 2024 Authorized Financial Institutions list to add First Independence Bank as an approved institution for the Certificate of Deposit program.

Summary of Management Committee Discussion/Questions

Mark Thompson, Director Treasury, presented Business Item 2024-175.

Mr. Thompson gave the following background: The 2024 Authorized Financial Institutions list provides awareness and transparency of the Council's financial services relationships and satisfies Council policy that banks receive prior approval. The list is brought to the Council annually, or when changes are proposed. The 2024 list was previously approved at the Council's December 13, 2023 meeting (Business Item 2023-264).

This business item proposes one change to the list. The change is to add First Independence Bank as an approved institution under the Certificate of Deposit program category. Approval will allow the Council to invest in a CD with the bank. The Council has received an application from First Independence Bank and anticipates investing \$1-3 million with the bank funded within the long-term investment portfolio. Although, CD Program banks on this list are not guaranteed to receive a CD investment from the Council.

Partnering with First Independence Bank will help meet the goal of our CD program to put Council's funds back into our community by making investments with local community banks who have a track record of supporting small business, affordable housing and community development.

First Independence Bank is a Minority Business Enterprise (MBE) and a Community Development Financial Institution (CDFI), which are institutions who focus on expanding economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses.

First Independence Bank focuses on under-served and minority communities, especially toward enabling homeownership, helping the underbanked, and providing financial education.

Motion by Lee, seconded by Pacheco; Motion carried.

Business Item

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Amendment to 2024 Authorized Financial Institutions

District(s), Member(s):	All
Policy/Legal Reference:	Council Policy on Investments, 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 amending the 2024 Authorized Financial Institutions list to add First Independence Bank as an approved institution for the Certificate of Deposit program.

Background

Prior approval is required for the Council to do business with financial institutions. At its December 13, 2023 meeting, the Metropolitan Council approved the 2024 Authorized Financial Institutions list (BI 2023-264). This business item asks to approve amending the list by adding First Independence Bank to the Certificate of Deposit (CD) category.

Adding First Independence Bank to the approved list will allow the Council to invest in a CD with them but does not guarantee an investment. Purchases are subject to available funding, bank appetite for deposits, ongoing evaluation, meeting collateral requirements, and required reporting.

The Council's Certificate of Deposit program involves purchasing CDs from community banks operating in the Council's region that have a track record of supporting and investing in local small businesses, affordable housing, and community development initiatives. The Council approved \$20-25 million for this program and currently \$22 million is invested with nine banks.

First Independence Bank applied to participate in the CD program where they demonstrated their business focus on under-served and minority communities, especially helping to enable homeownership, helping those who are underbanked, and providing financial education. According to their website, First Independence Bank is certified as a Minority Business Enterprise (MBE) and is classified as a Community Development Financial Institution (CDFI). CDFI institutions share a common goal of expanding economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses.

Rationale

The Authorized Financial Institutions list informs and updates the Council regarding financial services relationships and designates official depositories as required by statute and policy. It is amended when new financial relationships are proposed.

Thrive Lens Analysis

The Authorized Financial Institutions list provides transparency of the Council's financial relationships and demonstrates **Stewardship** over the Council's financial resources and activities.

Funding

Certificate of Deposit investments are funded from investment portfolio assets.

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.

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 (custody, trust and escrow)
Principal Custody Solutions (custody, trust and escrow) (formerly Wells Fargo Institutional Trust)

Securities Broker/Dealers

FHN Financial Capital Markets
Piper Sandler
RBC Capital Markets
U.S. Bank Money Center
Wells Fargo Securities, LLC.

Money Market Funds

First American Funds, Inc.
Goldman Sachs Asset Management
Morgan Stanley
Allspring Global Investments (formerly Wells Fargo Asset Management)

OPEB Trust

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

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
****First Independence Bank**

*Change from previous approved 2023 Authorized Financial Institutions

****Proposed change with approval of Business Item 2024-XX**