

Committee Report

Management Committee



Committee Meeting Date: November 13, 2024

For the Metropolitan Council: December 11, 2024

Business Item: 2024-326

2025 Authorized Financial Institutions

Proposed Action

The Metropolitan Council approve the list of 2025 Authorized Financial Institutions

Summary of Management Committee Discussion/Questions

Mark Thompson, Director Treasury, presented Business Item 2024-326.

Mr. Thompson gave the following background: This annual business item provides transparency of the Council's financial services relationships expected to be used in 2025. Approval of the list also satisfies MN. Statute 473.542, which requires the Council officially designate depositories, and satisfies MN. Statute 118A.02 and Council Investment Policy requirements that banks and investment institutions receive Council approval.

A chart of fees paid to financial institutions in 2024 was also shown. The seven categories of institutions were explained. There are four changes from the previous 2024 list, the changes are marked in red. Changes include a new flex payment administrator, a new money market fund, and two unused banks were deleted from the CD program category.

The list is not a procurement document or process, its purpose is to provide transparency and complete the statutory and policy approvals mentioned above.

Mr. Thompson highlighted that the CD program is fully allocated with the recent purchase of a CD with First Independence Bank. First Independence Bank is a certified Minority Business Enterprise, in our area, who focuses on banking low income and minority communities, enabling homeownership, serving the underbanked, and providing financial education.

Council Member Johnson asked how we solicit and add new members to the list, and do institutions need to re-apply to remain on the list. Mr. Thompson explained that solicitation occurs through the procurement process and institutions remain on the list as they have a current contract or actively doing business with the Council. CD banks re-apply annually. We removed two banks because they have not shown interest in the program in three years. We make changes to list based on contract status in most cases.

Motion by Pacheco, seconded by Barber; Motion carried.

Business Item

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2025 Authorized Financial Institutions

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

Proposed Action

The Metropolitan Council approve the list of 2025 Authorized Financial Institutions

Background

Pursuant to Minnesota Statute 473.542, the Council shall from time to time designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for moneys of the Council. Such 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 brought forward 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 being proposed.

Thrive Lens Analysis

The list of Authorized Financial Institutions demonstrates **Stewardship** by being transparent about financial relationships and the fees paid to those institutions, showing financial resources are managed wisely.

Funding

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

Small Business Inclusion

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

Metropolitan Council
2025 Authorized Financial Institutions
November 13, 2024

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 card)

Elavon Inc. (credit card processing and managed payment processor)

Token Transit (Metro Transit mobile app ticket provider and payment product)

~~*Baker Tilly - Total Administrative Services Corporation (TASC)~~ (Benefits provider for flex payment administrator)

US Bank (VEBA HRA debit cards, payroll debit card, housing debit card and recognition card)

Custodial, Trust, and Escrow

Principal Custody Solutions (investment portfolios custodian)

State Street (OPEB Trust custody)

U.S. Bank Trust and Custody (custody, trust, escrow)

Securities Broker/Dealers

FHN Financial Capital Markets

Piper Sandler

RBC Capital Markets

R.J. O'Brien (clearing for hedging futures)

U.S. Bank Money Center

Wells Fargo Securities, LLC.

Money Market Funds

First American Funds, Inc.

Goldman Sachs Asset Management

Morgan Stanley

Allspring Funds Management LLC (Wells Fargo bank sweep)

~~*Principal Global Investors LLC (Custodian cash fund)~~

OPEB Trust

Public Employees Retirement Association

Minnesota State Board of Investment

Certificate of Deposit Program

Granite Bank

Drake Bank

Riverland Bank

First Resource Bank

21st Century Bank

~~*Hi-way Federal Credit Union (Not in program)~~

Merchants Bank

Bremer Bank

~~*PNC Bank (Not in program)~~

BankCherokee

Sunrise Banks

First Independence Bank

*Change from previous approved 2024 Authorized Financial Institutions

2024 Financial Services Fees

Contract	Description	Annual Volume	Est. 2024 Expense
General Banking	Council Wide Banking Services	\$3.0 billion activity	\$81,000
Merchant Banking	Credit Card Transactions	\$15.2 million payments received. 670,000 transactions.	\$467,000
Purchasing Card	P-Card Transactions	\$7.0 million of spend. 19,000 transactions.	-\$110,000
Custody Services	Investment Custodian	\$1.9 billion assets	\$40,000
Trustee Services	VEBA HRA	\$13.0 million monthly	\$1,800
Escrow Services	Bond Refunding	Per Refunding	\$3,000
OPEB Trust	Administration and Custodian	\$381 million trust	\$40,000

