

M Management Committee
For the Metropolitan Council meeting of December 10, 2008

ADVISORY INFORMATION

Date Prepared: December 2, 2008

Subject: Affirmation of 2009 Transaction-Based Financial Contracts

Proposed Action:

That the Metropolitan Council authorize the Regional Administrator to amend the terms of the following transaction-based financial contracts, as needed, so as to provide continued service through December 31, 2009:

1. General banking services from US Bank.
2. Credit card processing from Metavante.
3. Purchasing card services from Bank of American (BofA)
4. Custodian and securities lending services from Wells Fargo and/or US Bank

Summary of Committee Discussion / Questions:

The Council has a number of financial processing needs which are served by contracts whose total dollar cost varies with changes in transaction volumes; as transaction volumes increase for a contract, the cost of the contract increases proportionately. Establishing fixed rates "per transaction" rather than a fixed dollar value for the contract, assures continuous services throughout the contract term.

Of the 40% of US Bank current services analyzed so far, the Council's "fees paid" rank in the bottom 31% of regional bank fee levels (based on a dollar-weighted basis).

The Council is in the middle of replacing Metavante but may need to continue the contract for some time into 2009.

The purchasing card contract is being extended to a fourth year.

The custody and securities lending contracts are less than two years old. Due to marketplace uncertainties, the Council backed-out of securities lending in early 2009.

M Management Committee

Meeting date: November 12, 2008

ADVISORY INFORMATION

Date: November 4, 2008
Subject: Affirmation of 2009 Transaction-Based Financial Contracts
District(s), Member(s): All
Policy/Legal Reference:
Staff Prepared/Presented: Allen Hoppe, Treasury Manager
Mary Bogie, Controller
Division/Department: Fiscal Services/Treasury

Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to amend the terms of the following transaction-based financial contracts, as needed, so as to provide continued service through December 31, 2009:

1. General banking services from US Bank.

Note: A banking RFP has been forestalled by Treasury staff's focus on implementation of a new credit card processor (Elavon Inc.) Council staff periodically receives information from other banks/services which demonstrates that we currently pay very competitive rates to US Bank.

2. Credit card processing from Metavante.

Note: If the new credit card contract with Elavon cannot be put fully into place by December 31, 2008, extend the expiration date (to the extent needed) of the contract with Metavante, Inc. If an extension is required, the Council will likely be processing Transit stores, etc., through Elavon and Ticket Vending Machines through Metavante (until the full conversion to Elavon).

3. Purchasing card services from Bank of America (BoFA).

Note: The Council incurs no costs with its purchasing card program. BoFA is compensated via card fees paid by the entities we buy from. If the transaction and dollar volumes are large, BoFA will pay the Council through a rebate program. The Council is continuing to grow the P-card program. This contract is nearing its third year anniversary.

4. Custodian and securities lending services from Wells Fargo and US Bank.

Note: The bulk of the custody service is now provided by Wells Fargo. The Council has ceased to participate in securities lending due the current conditions of uncertainty in the financial markets. RFP process was completed in early 2007.

Background

The Council has a number of financial processing needs which are served by contracts whose total dollar cost varies with changes in transaction volumes; as transaction volumes increase for a contract, the cost of the contract increases proportionately. Establishing fixed rates “per transaction” rather than a fixed dollar value for the contract, assures continuous services throughout the contract term.

In 2006 the Management Committee established this affirmation process to provide an opportunity for Council members to review these types of contracts and relationships. This process does not remove the need for periodic competitive quotes or documented sole source contracts as addressed in the Council’s procurement policies and procedures.

Funding

The above actions result in no changes to the funding channels. While amounts have been estimated and budgeted where expenses exist, the unpredictable volume of transactions is the primary determinant of total expenses (vs. budget).

Known Support / Opposition

No known opposition. Presented to the Investment Review Committee November 12, 2008.