

**METROPOLITAN COUNCIL**

390 North Robert Street, St. Paul, Minnesota 55101

**REGULAR MEETING OF THE MANAGEMENT COMMITTEE**

Wednesday, November 10, 2010

Committee Members Present: Lynette Wittsack, Vice Chair; Sherry Broecker; Craig Peterson; Kris Sanda.

**CALL TO ORDER**

A subcommittee was called to order by Committee Vice Chair Wittsack at 2:07 p.m. The purpose of the subcommittee was to hear some of the informational agenda items prior to the arrival of a quorum. A full quorum was present at approximately 2:25 p.m. and Committee Vice Chair Wittsack called the regular meeting of the Council's Management Committee to order on Wednesday, November 10, 2010.

**APPROVAL OF AGENDA AND MINUTES**

It was moved by S. Broecker, seconded by K. Sanda to approve the amended agenda. *Motion carried.*

It was moved by K. Sanda, seconded by C. Peterson to approve the minutes of the October 27, 2010 regular meeting of the Management Committee. *Motion carried.*

**BUSINESS**

**2010-347 Resolutions Setting Council and Committee Dates and Authorizing Closed Committee Meetings; Resolutions 2010-29 and 2010-32 through 2010-37**

Dave Theisen, Deputy General Council, presented this business item. He reported that adoption of these resolutions fulfills the Council's requirement to maintain a schedule of its regular meetings pursuant to the Minnesota Open Meeting Law. It also authorizes Committees to close meetings, when appropriate and necessary, to discuss attorney-client privileged matters and other matters for which meetings may be closed under the law.

It was moved by C. Peterson, seconded by S. Broecker:

"That the Metropolitan Council adopts the attached resolutions setting days, times and locations for regular meetings of the Council and its Committees and authorizing closed Committee meetings.

Metropolitan Council (Res. No. 2010-29), Committee of the Whole (Res. No. 2010-32), Management Committee (Res. No. 2010-33), Environment Committee (Res. No. 2010-34), Community Development Committee (Res. No. 2010-35), Transportation Committee (Res. No. 2010-36), and the Litigation Review Special Committee (Res. No. 2010-37)."

*Motion carried.*

**2010-377 Authorization to Negotiate and Execute Contract for Workers' Compensation Defense Counsel**

This item was presented by Phil Walljasper, Risk Management Director. Risk Management and the Office of the General Counsel issued a Request for Proposal (RFP) to better align Workers' Compensation defense counsel contracts with the Council's needs to gain better efficiency, consistency and more cost-effective pricing. The RFP evaluation panel reviewed six proposals and recommended three firms, as listed in the business item.

In answer to a question, Mr. Walljasper stated that hourly rates for legal services vary, depending upon the attorney used, but that the hourly range given by the recommended firms was comparable. In addition, paralegals are used by the Council wherever possible to keep legal fees lower.

It was moved by K. Sanda, seconded by S. Broecker:

"That the Metropolitan Council authorizes the Regional Administrator to negotiate and execute three contracts for legal defense related to workers' compensation claims, in an aggregate amount not to exceed \$1,065,000 over the three-year term of the contracts."

***Motion carried.***

#### **2010-382 Affirmation of 2011 Transaction-Based Financial Contracts**

Allen Hoppe, Senior Manager, Treasury, presented this business item, which comes before the Management Committee annually. It provides Council Members with an opportunity to review banking relationships that contain transaction-based contracts (contracts based on a "per-transaction fixed rate" rather than a "fixed dollar value" for the contract). Transaction-based contracts are advantageous to the Council in situations where transaction volumes vary from year to year.

It was moved by S. Broecker, seconded by C. Peterson:

"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, 2011:

1. General banking services from US Bank.
2. Credit card processing and managed payment services from Elavon.
3. Purchasing card services from Bank of America (BofA).
4. Custodian and securities lending services from Wells Fargo and US Bank."

***Motion carried.***

#### **2010-383 2011 List of Authorized Financial Institutions**

Allen Hoppe, Sr. Manager, Treasury, also presented this business item to the Committee. It lists the proposed financial institutions and service providers that will be authorized to do business with the Council in 2011. There are no additions or deletions to the 2011 list of financial institutions as compared to the 2010 list, but several changes were made the previous year. Questions were addressed.

It was moved by C. Peterson, seconded by K. Sanda:

"That the Metropolitan Council approves the attached list of Authorized Financial Institutions for 2011."

***Motion carried.***

#### **2010-379 2011 Sole Source Procurement of Maintenance Services for Software and Hardware**

Dave Hinrichs, Chief Information Officer, presented this business item to the Committee. Mr. Hinrichs seeks approval yearly for an updated list of vendors who provide ongoing maintenance and support services for the Council's computer hardware and software. This helps streamline operations and manage contracts throughout the year. Attention was drawn to new vendors on the list.

Mr. Hinrichs addressed questions related to the software approval process, Trapeze Software Group and Continental, Greenride hosting services, integration services, and the 2010 cost of sole source maintenance, hardware and software.

It was moved by C. Peterson, seconded by S. Broecker:

"That the Metropolitan Council authorize the Regional Administrator to make ongoing maintenance and support service payments on a sole-source basis for installed software and hardware, with the services to be procured from the vendors on the attached 2011 Information Services Sole Source Vendor List up to the amount listed."

***Motion carried.***

### **2010-380 Approval of Non-Represented Plan Effective January 1, 2011**

This business item was presented by Gloria Heinz, Director of Human Resources. Changes to the Non-Represented Plan from 2010 to 2011 were summarized in the business item. Ms. Heinz described each of the revisions and responded to questions pertaining to the differences between Metro Transit's holiday schedules as compared to other divisions.

It was moved by K. Sanda, seconded by S. Broecker:

"That the Metropolitan Council approves the Non-Represented Plan Effective January 1, 2011, incorporating the revisions summarized below."

***Motion carried.***

## **INFORMATION**

### **PFA Borrowing Request**

Jason Willett, Director of Environmental Services Finance, presented information on a \$70 Million Public Facilities Authority (PFA) borrowing request. He reported that this loan will be used to finance approved capital spending during the next 12-16 months and that the loan's interest rate was locked in on 10/22/2010 at an all-time low of 1.77%. He reviewed the history of the Revolving Clean Water Loan Program since 1989, described conventional PFA subsidy and did a comparison of the PFA loan to Council bonds. Anticipated key terms were described. The tentative loan date is 12/22/2010.

K. Sanda asked what impact the Clean Water, Land and Legacy Amendment passed by the State of Minnesota in 2008 had on the Council. Mr. Willett explained that the Legacy Amendment had several components – the Outdoor Heritage Fund, Parks and Trails Fund, Arts and Cultural Heritage Fund, and the Clean Water Fund. He offered to bring a summary of the Clean Water portion of funds back to Committee Members at a later date. Ann Beckman, Regional Growth Strategy Manager, briefly talked about the Parks and Trails Fund.

Mr. Willett provided a brief description the Minnesota Public Facilities Authority for C. Peterson and assured L. Wittsack that the Council's Treasury Department has realized substantial savings by refinancing existing loans at lower interest rates in the past and continually looks for new refinancing opportunities.

### **3Q2010 Report on Investments**

Allen Hoppe, Senior Manager, Treasury, and Mercy Ndungu, Financial Analyst, presented the Third Quarter 2010 Report on Investments to Committee members. It included an economic review of the third quarter, plus information on yields, portfolio results and the Council's hedging programs. Portfolio questions were addressed regarding the Council's long-term total return versus the index and the short-term yields of the Council's US Bank Checking Account.

Mr. Hoppe reported that the 3Q2010 Report had been presented to the Investment Review Committee (IRC) on November 9, 2010. The IRC recommended discontinuing the Council's Natural Gas Hedging Program at this time and letting the current hedges run out over the next two years. It was felt that the risk, relative to the Natural Gas Hedging Program's 1-2% of total operating budget, is not excessive, and that the Council's reserves can adequately cover potential expenses incurred as a result of stopping the program.

**ADJOURNMENT**

Business completed, the meeting adjourned at 3:37 p.m.

Respectfully submitted,

Trudy Aldrich  
Recording Secretary