

M Management Committee

Meeting date: November 18, 2009

ADVISORY INFORMATION

Date: November 10, 2009
Subject: Affirmation of 2010 Transaction-Based Financial Contracts
District(s), Member(s): All
Policy/Legal Reference:
Staff Prepared/Presented: Allen Hoppe, Treasury Manager
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, 2010:

1. General banking services from US Bank.

Mirroring its complex structure of public services, the Council uses of a wide range of banking services. We receive information from professional analytical entities that demonstrate that US Bank currently charges the Council very competitive rates. An RFP may be conducted in 2010.

2. Credit card processing and managed payment services from Elavon.

Metro Transit accepts almost one million credit card transactions per year. After an RFP process, Elavon replaced Metavante late last year.

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

The Council incurs no costs with its purchasing card program. BoFA is compensated via card fees paid by the entities we buy from. This contract is nearing its four- year anniversary; an RFP may be conducted in 2010.

It is expected that the Council will transact enough P-Card purchases in 2010 to receive rewards-type compensation from BoFA.

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

The bulk of the custody service is now provided by Wells Fargo. Based on past Council approvals, the Council has the option to also, or alternatively, contract with US Bank for these services. 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 10, 2009