

**METROPOLITAN COUNCIL**  
390 North Robert Street, St. Paul, Minnesota 55101

**SPECIAL MEETING OF THE MANAGEMENT COMMITTEE**  
Wednesday, November 18, 2009

Committee Members Present: Roger Scherer, Chair; Lynette Wittsack, Vice Chair; Sherry Broecker; Craig Peterson.

**CALL TO ORDER**

A subcommittee was called to order by Committee Chair Scherer at 2:30 p.m. The purpose of the subcommittee was to hear some of the informational agenda items prior to the arrival of a quorum. Committee Chair Scherer explained that the Committee had a very full agenda and that this would move the meeting in a timely manner. A full quorum was present at 2:55 p.m. and Committee Chair called the special meeting of the Council's Management Committee to order on Wednesday, November 18, 2009.

**APPROVAL OF AGENDA AND MINUTES**

It was moved by L. Wittsack, seconded by C. Peterson to approve the agenda. *Motion carried.*

It was moved by S. Broecker, seconded by L. Wittsack to approve the minutes of the October 28, 2009 regular meeting of the Management Committee. *Motion carried.*

**BUSINESS**

**2009-359: Resolutions Setting Council and Committee Dates and Authorizing Closed Committee Meetings; Resolutions 2009-26 through 2009-32**

Dave Theisen, Deputy General Counsel, presented this item to the Committee. The Minnesota Open Meeting Law requires that public bodies maintain a schedule of regular meetings and the Bylaws of the Metropolitan Council require that regular meetings be set by resolution. This business item and resolutions satisfy these requirements.

It was moved by L. Wittsack, 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. 2009-26), Committee of the Whole (Res. No. 2009-27), Management Committee (Res. No. 2009-28), Environment Committee (Res. No. 2009-29), Community Development Committee (Res. No. 2009-30), Transportation Committee (Res. No. 2009-31), and the Litigation Review Special Committee (Res. No. 2009-32)."

*Motion carried.*

**2009-426: 2010 Annual Affirmation of Transaction-Based Financial Contracts**

Allen Hoppe, Treasury Manager, presented this item to the Committee. In answer to a question, Mr. Hoppe indicated that there is a strong likelihood the Council will be sending out Requests for Proposals in 2010.

It was moved by L. Wittsack, seconded by S. Broecker:

"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 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 to the current conditions of uncertainty in the financial markets. RFP Process was completed in early 2007."*

***Motion carried.***

**2009-424: List of authorized Financial Institutions, Office Depositories**

Allen Hoppe presented this item. In accordance with the Council's investment policy, all banks and brokerage companies doing business with the Council, whether they are receiving funds as deposits or for investments, must be approved by the Council before they receive Council funds. In answer to a question regarding the authorization of Bankcorp Bank (Pharmacy Debit Cards), Mr. Hoppe explained that Bankcorp Bank transacts Council prescription reimbursement business related to employee Flex Card and Health Reimbursement VEBA Accounts.

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

"That the Metropolitan Council approves the attached list of Authorized Financial Institutions for 2010."

***Motion carried.***

**2009-425: Revision to Expenditure Policy 3-3 as Amended**

This item was presented by Jody Jacoby, Assistant Manager, Contracts and Procurement. Increasing the Regional Administrator's authorization level for emergency declarations from \$50,000 to \$100,000 would match the 2008 Uniform Municipal Contracting Law's formal solicitation level. Emergency Declarations for amounts over \$100,000 would still be presented to the appropriate committee for formal ratification at its next regular meeting. Also, an Emergency Declaration category will be added to the Purchasing Department's Quarterly Report to provide information to the Management Committee on Emergency Declarations for amounts less than \$100,000.

In answer to a question about the authority being given to the Regional Administrator, Chair Scherer pointed out that emergency repairs will still be performed as required, but this policy revision simply changes the timing of when the Management Committee is notified.

It was moved by L. Wittsack, seconded by C. Peterson:

"That the Metropolitan Council approve the revision to Policy 3-3 – Expenditures raising the Regional Administrator's authorization level in emergency declarations from \$50,000 to \$100,000."

***Motion carried.***

**INFORMATION**

**Refunding Bond Sales**

Allen Hoppe presented a one-page summary of the results of two series of bond sales on November 9, 2009. The Council sold \$10.49 million of Transit bonds to refund the 2001B Transit bonds, resulting in a net present value savings of \$1.3 million and a 10.7% savings on the old debt service. It also sold \$6.72

million of Waste Water bonds to refund the 2001D Sewer bonds, resulting in a net present value savings of \$0.5 million and a 6.9% savings on the old debt service. For both bond issues, the lifetime nominal dollars of interest was cut in half, benefitting debt service in the later years of the original bonds.

Comparisons of tax-exempt bond yields and tax-exempt spread changes between AAA and BBB municipal bonds were demonstrated, underscoring the importance of maintaining the Council's current AAA rating confirmed by Moody's and Standard and Poors. Chair Scherer will convey bond sale results to the Metropolitan Council.

### **Third Quarter 2009 Report on Investments**

Mercy Ndungu, Treasury Analyst, presented this informational item to the Management Committee. Ms. Ndungu discussed the economy, treasury yields, portfolio results and hedging programs for oil and natural gas. After discussion, Chair Scherer requested that the Treasury Department review the natural gas hedging program.

### **Robert Street Building Briefing**

Michael Karels, Manager Central Services/Facilities, briefed the Management Committee on the Robert Street building's operations. Topics discussed included operating cost comparisons of the Robert Street Building in 2007, 2008 and 2009 with the Mears Park building in 2006. Total operating expenses have decreased from \$1,858,000 at Mears Park in 2006 to \$1,613,000 estimated in 2009 at Robert Street, despite rising energy costs nationally and more space at the Robert Street location. Energy costs per square foot have decreased from \$16.44 in 2006 to \$12.41 estimated in 2009, and the total cost per square foot of other operating costs (janitorial, maintenance, security, management fees, insurance and other) has also decreased significantly from \$441,000 in 2006 at Mears Park to \$340,000 estimated in 2009 at Robert Street.

Mr. Karels drew attention to the Robert Street Building's Energy Star Rating of 89% in 2008 and 93% in 2009. He primarily attributes the improved rating to a more efficient use of electricity achieved by the Information Systems' Go Green Program and the installation of more energy efficient light bulbs. An energy efficiency rating of 50% is considered average, while ratings equal to or greater than 75% are recognized.

Management Committee members confirmed that they would like Mr. Karels to continue providing annual briefings on the operations of the Robert Street Building. In answer to a question posed by Chair Scherer, Mary Bogie, Deputy Chief Financial Officer, will report back to the committee regarding the interest rate of the Robert Street building's Certificates of Participation.

### **Third Quarter 2009 Financial Report**

The Third Quarter 2009 Financial Report was included in the meeting packet for informational purposes only. A presentation was not given.

### **ADJOURNMENT**

Business completed, the meeting adjourned at 3:27 p.m.

Respectfully submitted,

Trudy M. Aldrich  
Recording Secretary