

Extending Depository Contract for Funds

April 25, 2023

SUMMARY:

This item requests the extension of the Bank Depository Contract for the two-year term from 7/1/2023 through 6/30/2025.

BOARD GOAL:

Growth & Management – Demonstrate effective and efficient management of district resources

PREVIOUS BOARD ACTION:

BBVA USA Bank was awarded the depository contract on April 21, 2015, for the two-year term from 7/1/2015 through 6/30/2017. On April 11, 2017, the Board approved the extension of the depository contract for the period 7/1/2017 through 6/30/2019. On April 9, 2019, the Board approved the extension of the depository contract for the period 7/1/2019 through 6/30/2021. On March 21, 2021, the Board approved the extension of the depository contract for the period 7/1/2021 through 6/30/2023. BBVA USA Bank is now PNC Bank.

BACKGROUND INFORMATION:

The Texas Education Code (TEC) §45.205(b) was amended as of September 1, 2017, to allow the school district depository contract to be extended for a total of three two-year terms. In addition, the change to the law allows the depository contract to be modified for each two-year extension if both the school district and the district's depository bank mutually agree to the terms. The District sought exemption from TEC §45.205(b) under the District of Innovation Plan Amendment, approved by the Board November 15, 2022. The amendment allows the District to maintain satisfactory working relationships with its depository bank without the need to re-bid for the work at the exact timelines required by law. If the District is satisfied with the service of the depository bank and is getting good rates, requiring the District to re-bid the contract is a waste of resources that can be avoided.

SIGNIFICANT ISSUES:

The online banking tool (Pinnacle) is helpful in the day-to-day cash management of the district. PNC Bank provides satisfactory service, an earnings credit rate that will offset the District's bank fees, and the District staff maintains a good working relationship with the bank officers.

FISCAL IMPLICATIONS:

PNC Bank is increasing the earnings credit rate which will offset the District's bank fees. The current contract will be extended for an additional two-year term.

BENEFIT OF ACTION:

Approval of this contract extension will allow the District to continue the current banking procedures.

PROCEDURAL AND REPORTING IMPLICATIONS:

The TEC, §45.208(e), was amended by Senate Bill 1376 in 2019. As a result, a school district is only required to submit its direct deposit account information to TEA. A district's Depository Contract, Depository Contract Extension, and/or Texas Surety Bond form, if applicable, are no longer required to be submitted to TEA. All other depository contract rules are still in effect.

ALTERNATIVES:

Bid for depository bank contract.

SUPERINTENDENT'S RECOMMENDATION:

It is recommended to approve the Resolution Extending Depository Contract for Funds to extend the depository contract with PNC Bank for an additional two-year term from 7/1/2023 through 6/30/2025.

STAFF PERSONS RESPONSIBLE:

Vicki Garcia, Executive Director Financial Operations
Julie J. Simpson, Director of Finance

ATTACHMENT:

Resolution of the Denton Independent School District Board of Trustees Extending Depository Contract for Funds

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____