



Board Action Required X

No Action Required

To: Coppell ISD Board of Trustees
From: Kelly Penny
Date: April 19, 2017

cc: Dr. Mike Waldrip, Sid Grant, Barbara Sabedra, Larry Guerra

Re: Depository Services RFP #217-01 Recommendation – Reviewed and Discussed with Board Finance Subcommittee

The Texas Education Code, Section 45.202 states, “The school depository or depositories of every independent school district may be selected only as provided by this subchapter.” In accordance with Section 45.206, school districts must use a uniform bid or proposal blank in the form prescribed by the State Board of Education rule. The applicable sections of the Code entitled School District Depositories are detailed in Subchapter G, Section 45.201 through Section 45.209. Section 45.205 of the Code requires that depository contract(s) for each Independent School District (ISD) be renewed every two years. The current two-year period will begin September 1, 2017 and continue through August 31, 2019. Section 45.205(c) states “The contract term and any extension must coincide with the school district’s fiscal year.”

Depository contracts are to remain in force for a term of two years and in accordance with Section 45.205(a). As stated in Section 45.205(b), “a school district and the district’s depository bank may agree to extend a depository contract for two additional two-year terms. An extension under this subsection is not subject to the requirements of Section 45.206.”

In accordance with Chapter 45, Subchapter G of Texas Education Code regarding School District Depositories, the District chose to select a depository through the Request for Proposal (RFP) method, and specifications were mailed to seventeen (17) banks on February 16, 2017. The Depository Services proposal opening deadline was March 20, 2017 at 2:00 p.m. Four banks responded to the RFP: JP Morgan Chase, Frost, Legacy, and Wells Fargo.

Based on the newly proposed pricing of services provided compared to the other three proposers, JP Morgan Chase is the best value for the District, even with increased pricing. The new pricing includes; six months of waived fees, two additional check scanners for depositing checks (\$1,500), free banking supplies and increased earnings credit rate of .40 bps. Unfortunately, pricing for governmental accounts have increased in general across the industry and our current depository pricing is from six years ago. The estimated increased monthly cost will be approximately \$500, or \$6,000 annually. In addition, Chase has provided excellent service to the district.

Chase is the recommended vendor for depository services based on the following criteria:

1. Cost of required banking services, including conversion costs
2. Automated and additional services offered and available
3. Collateralization policy and type of third-party institution holding collateral
4. Financial strength of the institutions and locations offered
5. Fraud prevention/notification policy
6. Customer service structure and network
7. Funds availability schedule
8. Interest rates offered on time deposits

The following documents must be completed and electronically submitted to the Texas Education Agency, Division of Financial Audits:

1. One (1) completed and signed Depository Contract for Funds of Independent School District (original signatures from School Board President, Bank Officer, and Notary).
2. One (1) Vendor Direct Deposit Authorization form, if applicable.
3. One (1) completed and signed Texas Surety Bond form, if applicable.

To ensure sufficient time for TEA's review prior to the beginning of the district's biennium, a school district's depository contract and related forms listed above must be received by the Division of Financial Audits no later than June 15, 2017. No payments will be made to any district subsequent to September 1, 2017 that has not submitted an acceptable contract.

RECOMMENDATION: That the Coppell ISD Board of Trustees approve JP Morgan Chase Bank as the awarded depository services contracted vendor for Coppell ISD for the period September 1, 2017 through August 31, 2019 as set forth in Subchapter G, Section 45.205 of the Texas Education Code.