

# Memo

**To:** Dr. Jeff Turner  
**From:** Ralph Seeley  
**CC:** Sid Grant, Barbara Sabedra  
**Date:** May 20, 2005  
**Re:** Bank Depository Bids

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In accordance with TEA requirements, we opened bids from banks interested in being the district's depository for the biennium beginning September 1, 2005 through August 31, 2007. TEA allows districts to extend for an additional two-year period from September 2007 through August 2009. We received bids from the following four banks: JPMorgan Chase (formerly BankOne); Citibank (formerly First American Bank); Wells Fargo and Comerica Bank. Bid packets were mailed to six other banks that declined to bid.

The specifications used for the bid process were prepared by TEA, with minor changes to suit our needs, to enable districts to compare cost of services from banks. Barbara Sabedra reviewed the specifications and found that the costs of services from the four banks are very comparable with JPMorgan Chase reflecting the lowest cost. At the current time, costs for services are offset by compensating balances, however, this was not the case during the previous couple of years when interest rates were much lower. Not finding any appreciable difference in the financial comparison of the bids, we looked at other factors that would influence our decision. We believe that all four banks offer the types of banking services required by school districts.

Factors, which make it preferable to remain with JPMorgan Chase, our current depository, are:

- Changing banks is always a major task. We have five separate checking accounts for the district – general operating account, debt service account, payroll account, bond construction account and the ecommerce account. In addition, there are 15 campus activity fund accounts that would have to be changed as required by TEA. New checks would have to be printed; new accounts would have to be opened and old ones closed.
- With the advent of ACH transfers into and out of our accounts rather than payments by checks and deposits made by us, changing banks is now even more difficult than it was several years ago. We would have to notify all of the institutions that ACH money to our accounts, such as TEA, so that they could change the appropriate banking information. We would have to identify all of the institutions that we ACH money to make sure that the transition to the new bank would not interrupt our ability to continue our periodic ACH transfers.
- When changing banks, old accounts would have to remain open until all outstanding checks have cleared. This would require reconciling multiple bank statements for our five bank accounts as well as any of the 15 activity fund accounts that were converted.
- Even with the bank merger, JPMorgan Chase has retained the same team of bank employees that we have worked with during the past several years. We have received a high level of service from our current depository and are pleased that the merger has resulted in a seamless transition from our perspective. JPMorgan Chase has two banking centers in Coppell which provides added convenience for employees making deposits to our accounts.

**Recommendation:** based on our analysis of the bids from four banks, we recommend that JPMorgan Chase be retained as our depository for the two-year period from September 1, 2005 through August 31, 2007. At that time we will have an option to renew for an additional two-year period in accordance with TEA requirements. Please place this item on the board agenda for May 23<sup>rd</sup>. Board members are encouraged to contact Barbara, Sid or me prior to the board meeting, should they have any questions about the bid process or this recommendation.