

July 23, 2014

AMEND BOARD REPORT 14-0625-PR27
AUTHORIZE NEW AGREEMENTS WITH VARIOUS VENDORS FOR BANKING AND CASH
MANAGEMENT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize new agreements with various vendors for banking and cash management services at a total cost not to exceed ~~\$2,325,000~~ \$3,600,000. Vendors were selected on a competitive basis pursuant to Board Rule 7-2. Written agreements for Vendors' services are currently being negotiated. No services shall be provided by and no payment shall be made to any Vendor prior to execution of their written agreement. The authority granted herein shall automatically rescind as to each Vendor in the event their written agreement is not executed within ~~90~~ 120 days of the date of this amended Board Report. Information pertinent to these agreements is stated below.

This July 2014 amendment is necessary to include BMO Harris Bank NA as a vendor for checking account and check printing services and to increase the not to exceed amount by \$1,275,000 to \$3,600,000.

USER INFORMATION :

Contact: 12310 - Chief Financial Officer
 125 South Clark Street 14th Floor
 Chicago, IL 60603
 Ostro, Ms. Ginger
 773-553-2594

TERM:

The term of each agreement shall commence ~~on~~ upon execution and shall end June 30, 2017 and have two (2) options to renew for periods of one (1) year each.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate each agreement with 30 days written notice.

SCOPE OF SERVICES:

Vendors will provide Commercial Banking Services for the following Service Groups.

1. Corporate Banking: CPS' main checking and investment accounts for direct deposits to employees and vendors, including reconciliation of the accounts (JPMorgan Chase Bank N.A. and BMO Harris Bank NA).
2. Consolidated Banking: CPS' checking and investment accounts for all CPS schools, including reconciliation of the accounts (JPMorgan Chase Bank N.A.).
3. Electronic Disbursement Interchange (EDI) Services: CPS' electronic payment account for vendor and child support payments (Bank of America, N.A.).
4. Cash Collections: CPS' cash collections from high schools and elementary schools lunchroom collections, including bank account and counting/reconciliation of cash collected (Seaway National Bank of Chicago and Amalgamated Bank of Chicago).
5. Lockbox - CPS' account for miscellaneous revenues, including the bank account and check processing/reconciliation (Bank of America, N.A.).
6. Purchasing Cards - CPS' account for vendor payments on Board's corporate cards (PNC Bank, National Association).
7. Check Printing - CPS' account for printing and distribution of payroll and vendor checks and statements (BMO Harris Bank NA).

DELIVERABLES:

1. General: Vendors will provide adequate customer services to address any issues that arise as well as an easily accessible online portal for statements and reporting.
2. Corporate Banking: JPMorgan Chase Bank N.A. and BMO Harris Bank NA will process the payroll file for paying employees through direct deposit, positive pay (active confirmation of outgoing payments), stop payments and wire transfers, among other services. Vendors will provide an upload of all bank information into the Board's systems to provide reconciliation services. Vendors will provide an earned allowance credit collateralized by approved securities on depository balances. Vendors will have the technological capability to safeguard payment and the Board's financial information.
3. Consolidated Banking: JPMorgan Chase Bank N.A. will establish and maintain over 575 school checking accounts (Internal Accounts), establish school investment accounts, process deposits at vault and branch locations. Vendor will provide and upload all bank information into the Oracle IAMS system and provide reconciliation services. Vendor will provide an earned allowance credit collateralized by approved securities on depository balances.
4. EDI: Bank of America, N.A. will process Electronic Data Interchange (EDI) payment services to all CPS vendors and process child support payments and ACH Returns and provide online reporting and report reconciliation. Vendor will provide an earned allowance credit collateralized by approved securities on depository balances. Vendor will have the technological capability to safeguard payment and the Board's financial information.
5. Cash Collections: Seaway National Bank and Amalgamated Bank of Chicago will provide coin and currency deposit processing for elementary and high schools lunchrooms and offices and provide online reporting and report reconciliation. Vendors will take certain security precautions in this cash collection process.
6. Lockbox Processing: Bank of America, N.A. will collect miscellaneous revenues and credit the collections to the Board's main bank account and provide online reporting and account reconciliation.
7. Purchasing Cards: PNC Bank, National Association will provide purchasing cards and offer ghost cards as well as assist in the marketing of the program to new vendors.
8. Check Printing Services: BMO Harris Bank NA will process vendor and payroll checks as well as print, sort and distribute checks and statements to the CPS warehouse.

OUTCOMES:

- The recommended vendor selection is expected to generate over \$2mm of savings over 5-years.
- Negotiated a competitive \$500 million working capital line of credit.
- Diversified the overall group of banking vendors. Added a new banking relationship with PNC Bank, National Association. Diversified banking relationships are important to managing bank counterparty risk as well as maximizing bank lending capacity.
- Negotiated an attractive earned allowance credit. The earned allowance credit represents the minimum interest earnings that CPS will earn on its liquid balances.

COMPENSATION:

Vendors shall be paid as specified in their respective agreement; total compensation for the initial term shall not exceed ~~\$2,325,000.00~~ \$3,600,000.00 in the aggregate for all Vendors.

REIMBURSABLE EXPENSES:

None.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions, including any indemnities to be provided to vendors, in the written agreements. Authorize the President and Secretary to execute the agreements. Authorize Chief Financial Officer to execute all ancillary documents required to administer or effectuate the agreements.

AFFIRMATIVE ACTION:

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, the aggregate method for M/WBE participation will be utilized. Thus, contracts for subsequent vendors in the pool created by this agreement will be subjected to compliance reviews on an aggregate basis. Aggregated compliance of the vendors in the pool will be reported on a monthly basis. The MBE/WBE participation goals for this agreement are 25% total MBE and 5% total WBE participation.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115

Treasury Department, 12440 ~~\$2,325,000.00~~ \$3,600,000.00.

FY15 ~~\$775,000.00~~ \$1,225,000.00

FY16 ~~\$775,000.00~~ \$1,225,000.00

FY17 ~~\$775,000.00~~ \$1,225,000.00

Future year funding is contingent upon budget appropriation and approval.

CFDA#:

Not Applicable

GENERAL CONDITIONS:

Inspector General - Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness - The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics - The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:

BARBARA BYRD-BENNETT
Chief Executive Officer

Approved as to Legal Form:

JAMES L. BEBLEY
General Counsel

- 1) Vendor # 58545
JPMORGAN CHASE BANK N.A.
10 SOUTH DEARBORN., STE IL1-1228
CHICAGO, IL 60603
Mark Lester
312 732-6932
- 2) Vendor # 14474
AMALGAMATED BANK OF CHICAGO
ONE WEST MONROE STREET
CHICAGO, IL 60603
David J Stewart
312 822-3134
- 3) Vendor # 44055
BANK OF AMERICA, N.A.
231 SOUTH LASALLE STREET
CHICAGO, IL 60604
Michelle Fries
312 828-7886
- 4) Vendor # 31372
SEAWAY NATIONAL BANK OF CHICAGO
645 E. 87TH STREET
CHICAGO, IL 60619
Denise Weaver
773 487-4800
- 5) Vendor # 97178
PNC BANK, NATIONAL ASSOCIATION
1 NORTH FRANKLIN ST., STE 2000
CHICAGO, IL 60606
Javonna Burton
312 338-2295
- 6) Vendor # 50112
BMO HARRIS BANK NA
P O BOX 755
CHICAGO, IL 60690
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