

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of IllinoisBANKING AND ATM SERVICES
OFFICE OF FINANCE
ALL COLLEGES AND DISTRICT OFFICE
(Amend Board Report # 28617, adopted 2-7-08)

REPORTS

THE CHANCELLOR

that on February 7, 2008 (Board Report No. 28617) the Board of Trustees authorized the execution of a contract with JPMorgan Chase Bank, N.A. to provide banking and ATM services to the City Colleges of Chicago for the period July 1, 2008 until June 30, 2011 for an estimated annual cost of \$47,586.11 anticipating the banking fees would be paid with compensating balances based on volume; and

that there are recent developments in the financial markets that have significantly lowered Chase Bank's Earning Credit Rate (ECR), (which is based on short term Treasury yields) that affect the amount of the compensating balances needed to pay for the banking fees in addition to the fees for increased volume and utilization of new services by the District Office and colleges ; and

that due to the ECR reduction, the District is required to maintain higher balances to compensate for bank fees; and

that the District's Treasurer estimates that the average monthly banking fees will be approximately **\$7,000** for a total estimated annual amount of **\$84,000**; and

that as a standard business practice the District will still continue to maintain minimum balance in the bank accounts which will continue to earn based on the ECR; and

that the Treasurer recommends the payment of banking fees net of any amount earned by the minimum balance maintained in the bank be made by direct payment, whenever fiscally appropriate, and that this direct payment will result in payments to Chase of over \$10,000 per fiscal year, thus, requiring authorization by the Board; and

that the Treasurer will invest any excess cash that will become available when utilizing the direct payment of fees method; and

that the Office of M/WBE Contract Compliance has reviewed the above contract and has determined that JPMorgan Chase Bank, N.A. has direct participation from Cable Communications who provide electrical services,

and indirect participation from approximately fifty (50) MBE and WBE vendors that they use in the conduct of their daily business, it has been determined that JPMorgan Chase Bank, N.A. is in compliance with the Board approved Participation Plan.

THE CHANCELLOR

RECOMMENDS

that the Board of Trustees authorizes the CFO and/or the Treasurer to pay the Chase Bank routine transaction fees by direct payment whenever the financial markets short term Treasury yields decline and the ECR yield fails to cover the Chase Bank transaction fees.

FINANCIAL

\$84,000.00 Annually (Estimated through FY 2011) – Education Fund

Respectfully submitted:

Wayne D. Watson
Chancellor

March 5, 2009-Office of Finance-Treasury - District Office