



NOTICE TO QUALIFIED FINANCIAL INSTITUTIONS

The North Penn School District (NPSD) is soliciting proposals for Financial Services from qualified financial institutions.

Submission deadline: 2:00 p.m. on the 29th day of March, 2019. Location for submission of proposals:

North Penn School District
Attn: Kristin Johnson, Assistant Director of Business Administration
401 E. Hancock St.
Lansdale, PA 19446

Financial Services Request for Proposal (RFP) Instructions: Proposal will be available for download on Monday, February 25th, 2019 on the Bid Specifications page of the North Penn School District website at the following link: <http://www.npenn.org/page/695>

Any questions related to the proposal should be forwarded in writing to Ms. Kristin Johnson, Assistant Director of Business Administration, johnsok@npenn.org. A running list of questions and answers will be kept on the District website under the Bid Specifications page at the link listed in the previous paragraph.

All interested providers must attend a pre-submission meeting held at North Penn School District, 401 E. Hancock St., Lansdale, PA 19446, on Thursday, March 14th, 2019, at 2:00 p.m. Providers must identify clarifications or corrections for discrepancies and omissions in the RFP document or process at this meeting.

Project Notice:

NOTICE IS HEREBY GIVEN that the North Penn School District, acting by and through its Governing Board, will receive up to, but not later than the above-stated time, sealed proposals for the award of a contract for the above referenced project.

The North Penn School District reserves the right to reject any or all proposals or to waive any irregularities or informalities in any proposal.

No proposal may be withdrawn for a period of ninety (90) days after the date set for the opening of proposals.

**NORTH PENN SCHOOL DISTRICT
FINANCIAL SERVICES REQUEST FOR PROPOSAL**

I. RFP PROCESS AND FINANCIAL SERVICES OVERVIEW

A. Background and Objectives

The North Penn School District is a local governmental unit created by the Commonwealth of Pennsylvania to provide education services to students living within its community. The School Board of the North Penn School District governs the District. The Board meets regularly on the third Thursday of each month to conduct that month's business agenda.

The District operates its education, school nutrition, community education, aquatics, extended care, trust & scholarship, student activity, self-funded insurance, construction, and capital reserve programs funded by the District, the Commonwealth of Pennsylvania, and the Federal government. In all, the District has operating revenues in excess of \$257 million and employs approximately 2,700 full time and part time individuals.

The objective of this request for proposal is to identify the financial institution that can offer the safest, highest quality service at the lowest cost to our organization. The District intends to maximize deposit availability and return on investments, and security, while minimizing cost and management time. The District is interested in obtaining the best mix of services to meet our specific financial needs.

An important aspect of this proposal is to obtain market rates of interest on all funds held in our accounts with limited associated risks. The District is both authorized and limited to the investment of excess funds by the Pennsylvania School Code. Also, the School Code allows the Board of School Directors to authorize the collateralization of our funds to be pooled with the collateral of other public bodies in accordance with Act 72 of 1971 and the United States Circular No. 92. The District expects that all funds in excess of the FDIC insurance level will be collateralized in accordance with Act 72, and further stipulates that the collateral consist of either full faith and credit obligations of the United States Government or fixed rate obligations of agencies or instrumentalities of the United States Government. The District's intent is to specifically exclude both municipal securities and corporate securities from the collateral pool, even though these securities may be otherwise eligible as collateral by either Act 72 or by Circular 92. The District's School Board Policy #3600(a) "Investments" is provided as Attachment D for reference. Act 10 investments are prohibited.

The District further requires that the listing of its specified pooled collateral be marked to market daily and that a report of that collateral be provided to the District monthly. Preference will be given to those institutions that have the collateral held by, and be valued by, an independent third party. The successful institution and custodial party will be required to sign separate depository and custodial agreements with the District. The intent of the District is to create and maintain a perfected collateral pledge as defined within the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

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B. Length of Agreement

The District is interested in establishing a stable relationship with the awarded vendor. To do this, the District would like to develop an agreement with a term of five (5) years.

The District may terminate this agreement for any reason at any time by giving ninety (90) days written notice to the financial institution of its intention to terminate as of the date specified in the notice. Should the institution terminate prior to the expiration of the agreement, all District costs to establish a new service agreement will be the responsibility of the terminating institution. Also, the District can terminate the agreement immediately should information be received relating to the dwindling creditworthiness of the institution or adverse changes to the portfolio collateralizing District funds held by the institution.

C. Selection Criteria

The District will evaluate each proposal received based upon the following criteria:

- Creditworthiness – 10 points
- Investment of funds – 10 points
- Cost and flexibility of services – 20 points
- Ability to provide services efficiently and effectively through automation – 5 points
- Funds deposited and collateralized in accordance with all Federal, State and Local Laws, and in accordance with the further limitations in this request as they relate to collateralization requirements – 10 points
- References from other governmental clients (specifically addressing customer service) – 10 points
- Bank branch(s) proximity to District Office (All financial institutions submitting proposals for the local deposit services must have a branch physically located within the District or provide courier service) – 20 points
- Interest rate and/or earnings credit rate paid on all time deposit accounts – 15 points

D. Terms and Conditions

Be aware that this is a request for professional services, and not a competitive bid. The District is not required to conduct its request for professional services in accordance with competitive bidding laws.

The terms and conditions of this proposal are that the District:

- Reserves the right to reject any or all proposals.
- Reserves the right to waive any irregularities or informalities and select the best proposal in the opinion of the District.
- May render the bid invalid due to unauthorized modifications of bid specification forms or terms.

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E. Instructions for Submission of Applications

- Submission deadline: 2:00 p.m. of the 29th day of March, 2019. Location for submission of proposals:

North Penn School District
Attn: Kristin Johnson, Assistant Director of Business Administration
401 E. Hancock St.
Lansdale, PA 19446

A provider must submit an original application, three (3) copies of the application, and an electronic copy on a flash drive in a sealed envelope, clearly marked “NPSD Financial Services RFP.” Late applications will not be evaluated.

- Proposals must be signed by an official authorized to bind the contractor to the provisions of this RFP.
- The District will not accept faxed or electronic submission of proposals.
- Provider may ask for minor program modifications before the award of the RFP. The process to request minor modification is as follows:
 - Provide a written request to modify original RFP. This document must include what modifications are being requested and how modifications continue to meet the requirements of the RFP.
 - This request should be submitted in writing to Kristin Johnson, Assistant Director of Business Administration, via email at johnsok@npenn.org
 - Within 5 business day of request received, NPSD will issue a decision. NPSD reserves the right to request additional information. If additional information is requested, NPSD will issue a decision within 5 business days of additional information being received. Responses will be posted on the Bid Specifications page of the District website at <http://www.npenn.org/page/695>

F. Schedule

1. Pre-submission Meeting: March 14, 2019, at 2:00 p.m.
2. Proposals received by North Penn School District: March 29, 2019, at 2:00 p.m.
3. 1st Round Interviews: April 16, 2019
4. 2nd Round Interviews (If Necessary): April 26, 2019
5. Award announcement: May 7, 2019
6. Contract review and execution: May 8, 2019-June 30, 2019
7. Contract Start Date – July 1, 2019

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G. Directions for Completion of Application

All applicants must provide applicant information using the standard forms provided in Attachment A – Additional Information to be Provided, Attachment B – Fee Amount Proposals and Attachment E – Certification of Proposal Documents. A secondary packet of information should be submitted to support the information requested in Attachment C – Additional Information to be Provided.

II. SCOPE OF FINANCIAL SERVICES

This section describes the services the District intends to use as a customer. There are questions embedded in this section which are repeated in the proposal instructions.

Our objective in requesting services is to more effectively and efficiently operate our cash management system. The District uses services when it believes there is a beneficial cost/benefit relationship. Should you determine that additional services would be beneficial, please include these additional services in your response.

The services are organized based on the following categories:

- Collection Services
- Disbursement Services
- Investment Services
- Reporting

The District has determined that it prefers to have a local financial partner to accept daily deposits and transactions. Financial institutions with no local presence (no physical branch location within district boundaries) that can provide courier services for deposits should indicate same and provide a pricing structure including those services. Vendors with a local presence should also provide a pricing structure for courier services as a source of comparison. Please provide pricing for courier service to two District locations daily.

Please review Attachment B to see how vendors should break down services.

A. Collection Services

Collection services are those services related to the acceleration of the availability of funds for investment or disbursement.

Wire Transfers In:

The District uses wire transfers to receive funds from financial institutions for investment and other purposes. The District intends to consider these incoming wire transfers as available for use immediately. If necessary, adjustments will be made for any lost interest or charges resulting from a “fail” to consummate an incoming wire transaction.

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ACH Deposits:

All deposits received via ACH should require no prior notification of the bank and should be available for use immediately.

Over the Counter Deposits:

The District provides various educational services for which cash and checks are received for payment. A staff member prepares and deposits these funds as needed. The District will deliver the prepared deposits to the bank for processing or will have them available for pick-up via courier service.

The check-clearing time is vital in an effective cash management system. Uncollected funds are not available for immediate investment. Any check presented for deposit by 2:00 p.m. local time shall be available same-day and interest shall accrue concurrently. Any check presented for deposit after 2:00 p.m. local time shall be available next-day and interest shall accrue concurrently.

Please provide us with your check-clearing method and policy for checks that are drawn on other than local banks to identify the time it will take for the deposited funds to become collected and available for investment.

Remote Deposit Services:

The District utilizes remote deposit scanners to process check deposits. Please provide a proposal for checks scanners to be provided to the District business office and to each of our nine tax collectors to scan checks to the bank for deposit.

Lockbox Services:

The District does not currently have lockbox services in place but is interested in exploring this option. Please include details of lockbox services provided and include any fees on Attachment B.

B. Disbursement Services

Disbursement services are those relating to the disbursement of funds from the financial institution.

Wire Transfers

Wire transfers are initiated by the District to transfer funds from our financial accounts to other financial institutions for investment and debt service purposes. The District uses biweekly wire transfers to disburse employee tax shelter annuity program payments and self-insurance fund payment to corresponding vendors.

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The District currently initiates wire transfers online. Pre-existing approved wire transfer templates do not require further approval after the initial template approval. New transfer templates shall require approval by two parties at the District and the institution will call the business office to verify the new template. Please detail your process for approving and verifying wire transfer requests.

Wire transfers ordered by noon and not received by the destination party by 2:00 p.m. on the same day will be traced from origin to destination to ascertain the party responsible for delaying the transfer.

If necessary, adjustments will be made for any lost interest or charges resulting from a “fail” to consummate an investment transaction.

Direct Debits

Direct debits are transacted in the general operating account by outside vendors for monthly federal and state withholding taxes, state retirement payments, and wage garnishments.

Automatic Clearing House (ACH) Payments

The District currently pays employee administrator reimbursements and other outside vendors via ACH. Information is submitted electronically to our financial institution for processing next day for files sent before 5:00 p.m. local time.

The District utilizes ACH to process payments to any outside vendor through our accounts payable department that will accept this form of payment. Please provide recommendations on how the District can utilize this method to reduce the number of paper checks being processed. Also include any rebates that may apply for processing payments via this method.

Direct Deposit ACH

The District mandates direct deposit for all employees. As of December 2018, approximately 100% of our employees participate in the direct deposit program. Information is submitted electronically to our financial institution for processing two (2) business days prior to the transfer date.

Institutions must be able to accept Text (.txt) files; Standard ACH format, multiple file submissions on the same pay-date, and electronic transmission uploaded to your servers.

Please provide us with an explanation of your financial institution’s capabilities and suggestions for specific implementation including delivery requirements and a realistic timetable. (See Attachment C – Additional Information to be Provided) Please also provide the steps and timeline of how a single or multiple direct deposit(s) can be withdrawn in the case of a mispayment or cancelled payment including timeline.

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Sweep/Zero-Balance Account

Currently, the District uses the zero-balance account structure for its tax collector deposit and payroll accounts. The District is interested in the potential of establishing zero-balance/sweep accounts for other funds in order to maximize float in one single account.

In accordance with applicable laws, please provide a detailed description of your account structure including the basis for determining the amount of funds invested (i.e. reserve requirements, collected funds, etc.). (See Attachment C – Additional Information to be Provided)

Controlled Disbursement Account

The District does not presently have a controlled disbursement account. However, should this seem useful for your cash management system and increase our net interest earnings, the District will explore this possibility. Please include this service as a possible additional service to be considered in your response to Attachment C – Additional Information to be Provided.

Account Reconciliation Service

The District currently receives a monthly listing of cleared checks from our financial partner. We are interested in establishing electronic file uploads to automate our bank reconciliation process. Please detail your process and format for sending electronic reconciliation documents. The information transmitted should include check number, amount, and date paid. It should be in a text (.txt) file format that will be defined by the District.

Procurement Card Services

The District currently has VISA procurement cards that it uses to pay vendors for small transactions. The approximate spend per fiscal year for this program is \$5.15 million. Please provide details of your procurement card services along with a rebate schedule and fee structure for using these cards. Also provide any rebates that may apply to accounts payable transactions that can be paid through the VISA (or equivalent) payment network via a file upload to the bank.

C. Investment Services

The effective and efficient management of cash on hand accelerates receipts of funds, delays disbursement of funds, and minimizes idle cash balances. A truly exceptional system will invest cash on hand at market rates with very little or no risk associated with the program.

Since financial institutions have many differing investment products, please provide us with your detailed suggestions relating to the investment vehicle you will provide us. These suggestions must include the following information: (See Attachment C – Additional Information to be Provided)

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- Provide the method used to fully collateralize our account balance in excess of FDIC. Should a repurchase agreement be considered, please explain the type of investment, which will be used in this buy/sell agreement. A separate repurchase agreement will be required for these types of transactions. Also, describe the safekeeping arrangement for the investments held relating to the repurchase agreement. Preference will be given to banks that require the collateral to be held and valued by third parties.
- Explain the calculation of the daily interest rate including the specific interest index and source of information (i.e. Wall Street Journal).
- Explain the calculation of interest earned on a monthly basis (i.e. 360-365 day basis, average daily balance, average monthly interest rate, calculated daily based on daily rate and daily balance).
- Provide description of the amount of cash balance on which the interest calculation is based such as collected funds and reserve amounts.
- Detail your participation in the CDARS investment program or another similar investment vehicle.
- Any additional information you deem necessary for the District to fully understand your suggested investment vehicle.

The District, by policy, is extremely conservative and adverse to risk. However, a well-administered cash management system can provide market rates of return without exposure to risks.

D. Reporting

The financial institution will, on a monthly basis, provide the District with a detailed statement of activity listing each transaction and ending daily bank balance in hard copy and online format for all accounts held. Also, a listing of the cleared checks in numerical order must be provided. This listing should include the check number, check clearing amount, and the date the check was cleared. This report must include a total of cleared checks for the month. Images of the cancelled checks must be made available to the District online or by request for up to 18 months of the cleared date. The District reports should be available by the third (3rd) business day of the following month. Please include in your proposal a description of the bank statement format.

The District requires daily access to bank transactions via the internet. This access must allow for the reporting of daily bank activity. Available information must include reporting on bank activity

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starting with the prior day activity and going back at least 18 months. Please include what browser(s) are compatible with the online platform.

The District expects that all funds in excess of the FDIC insurance level will be collateralized in accordance with Act 72, and further limited to only federal securities. The District REQUIRES that the listing of pooled collateral is marked to market daily, preferably by an independent third party, and that a report of this collateral is provided to the District monthly.

III. BANK CREDIT EVALUATION

Although properly structured collateral offers the District very good insurance against financial institution credit problems, the District would be remiss in not evaluating the prospective bank's creditworthiness.

The District will utilize Standard and Poor's or Kroll ratings to evaluate your financial institution. Should your institution be rated unfavorably by these rating systems, the District will notify you of this fact and allow you to respond accordingly. Additionally, please include your audited financial statements for our review. (See Attachment C – Additional Information to be Provided)

IV. BANKING SERVICE FEES

Banking services can be paid for by one of two methods. The District requests that your proposal response include both the compensating balance and the direct charge methods.

Please provide the itemized cost and the annual costs for each service listed on Attachment B – Proposed Fee Schedule. Please provide us with your compensated balance calculations and your policies relating to the evaluation of this established balance. Detail separately the cost and description for any item not specifically listed on Attachment B.

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**ATTACHMENT A
APPLICANT CONTACT INFORMATION**

NAME OF BANK: _____

CONTACT PERSON: _____

STREET ADDRESS: _____

CITY/STATE/ZIP: _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

WEBSITE ADDRESS: _____

FAX NUMBER: _____

ALL PROPOSALS MUST BE RECEIVED BY THE NORTH PENN SCHOOL DISTRICT BY 2:00 P.M. ON THE 29TH DAY OF MARCH, 2019. Location for submission of proposals:

**Kristin Johnson, Assistant Director of Business Administration
North Penn School District
401 E. Hancock St.
Lansdale, PA 19446
johnsok@npenn.org
www.npenn.org**

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**ATTACHMENT B
PROPOSED FEE SCHEDULE**

	Annual Units	Unit Cost	Annual Cost			Annual Units	Unit Cost	Annual Cost
CHECKING ACCOUNTS					ACCOUNT RECONCILIATION			
# of Accounts	18				# of Accounts			
Zero Balanced Accounts	10				# of Items			
FDIC Insurance costs					Data Transmission			
Additional Charges:					Additional Charges:			
COLLECTION SYSTEM					DIRECT DEPOSIT PAYROLL			
Deposits	6100				Monthly Maintenance			
Return Deposited items (NSF)	120				# of Files Transmitted	31		
Wire transfer In	200				# of Items transmitted per file	2,450		
ACH Credits	1550				Additional Charges:			
Deposit slips	6,100							
Deposit bags	1,300				SAFETY DEPOSIT BOX			
Additional Charges:					Safety Deposit Box	1		
DISBURSEMENT SYSTEM					LOCKBOX SERVICES			
Checks paid	5,700				Monthly Maintenance			
Stop Payments	60				# of Items Processed			
Overdrafts	0				Check Photocopying			
Wire transfer Out	180				Data Transmission			
Cost of check stock					Keystroke Output			
ACH Items – Debits	3,500				Walk in bill payment			
Additional Charges:					Additional Charges:			
FRAUD PROTECTION					ELECTRONIC REPORTING			
# of Accounts	9				# of Accounts	28		
# of Items Processed	5,700				Balance/Transaction Inquiry			
# of Files Issued	100				Other:			
Positive Pay transactions	5,700							

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**ATTACHMENT C
ADDITIONAL INFORMATION TO BE PROVIDED**

1. Please indicate any deviations from the conditions relating to banking services contained in Section II – Scope of Financial Services.
2. Provide the check clearing method and policy to identify the time deposited items become available for (a) investment and (b) disbursement.
3. Provide an explanation of your financial institution’s capabilities relating to transmitting direct deposit data along with suggestions for specific implementation including delivery requirements and realistic timetable.
4. Currently the District preauthorizes all direct deposit accounts before setting up direct deposit accounts. The District would like direction on whether the financial services partner recommends the continuation of this process and the fees related to this process.
5. Describe the structure of the zero-based sweep account, including the basis for determining the amount of funds invested and the method of properly collateralizing funds. Should repurchase agreements be utilized, describe the specific transaction and the recording of transaction.
6. Describe the delivery system for receiving reconciliation services and the associated fees.
7. Describe the financial institution’s electronic reporting capabilities to include: balance and transaction inquiry, transaction initiation (both intra-bank and ach and fed wire system) and stop payment initiation. Include time of day information is made available and deadlines for transfers. Include list price for various services discussed.
8. Provide a detailed description of the investment vehicle utilized for both the collateralization and investment services. This must include the information requested elsewhere in this proposal.

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9. Credit criteria:

Please include copies of your last three (3) years audited financial statements. The successful financial institution is required to provide the District with subsequent annual audit reports as they become available.

Each financial institution will submit with its proposal the following statistics based on information contained in the FFIEC Uniform Bank Performance Reports, or in similar reports for calendar years 2015, 2016, 2017, and 2018 (if available) and based upon Federal Reserve Bank definitions:

- a. Primary capital to total assets
- b. Equity growth to asset growth.
- c. Loan loss reserve to total loans
- d. Total relationships or accounts with deposits in amounts over \$1,000,000

The District will compare the ratios of submitting financial institutions vs. the average of their peers.

Each financial institution will disclose whether it has ever been under warning, investigation, or notice of management supervision of the resolution trust corporation, FDIC, Federal Savings & Loan Insurance Corporation, Federal Home Loan Bank board, or other similar current or former Federal or State regulatory agencies. If awarded, the financial institution must provide immediate notification if such warning, investigation, or notice is received in the future.

Each bidder will disclose whether it was acquired, did acquire or will be acquired or acquiring another financial institution (if so, specify the institution, date of acquisition, and amount of assets acquired).

Include the names, addresses and phone numbers of at least five current business clients, preferably School Districts and other governmental units as references.

10. Please provide a service fees summary

- | | |
|--|--------|
| (A) Check images provided online or as requested? | Yes/No |
| (B) Permit redeposit of NSF checks? | Yes/No |
| (C) Assess FDIC insurance cost? | Yes/No |
| (D) Assess 10% reserve requirement? | Yes/No |
| (E) Provide all check stock & three part deposit tickets free of cost? | Yes/No |
| (F) Provide night deposit bags and facilities free of cost? | Yes/No |
| (G) Safety deposit box services? | Yes/No |
| (H) Positive Pay services | Yes/No |

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11. Using the service fees summary, prepare the calculation of the compensating balance. Also, provide your policies relating to the evaluation of this established balance.
12. Explain the calculation of the earnings credit rate, and provide monthly earnings credit rate history for January 1, 2018 through February 1, 2019, and basis of rate. Please list the index by which the earnings credit rate will be benchmarked. (Example: federal funds rate plus 50 basis points, 90 day treasury rate plus 50 basis points)
13. Provide monthly history of interest rates applied to checking account balances for the period January 1, 2018 through February 1, 2019. If your financial institution uses sweep investment funds, provide monthly averages for the same period and indicate all fees assessed for investment sweep.
14. Describe your customer service philosophy, standards, and structure and how they will be provided to the District. Include the contact information for the dedicated customer service representative(s) for the District.
15. Describe any incentives offered by your financial institution to District employees for direct deposit pay, as well as any other services and / or benefits offered to the District under this proposal.

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ATTACHMENT D – SCHOOL BOARD POLICY 3600(a)

NORTH PENN SCHOOL DISTRICT

School Board Policy

3600(a)

Reference: Administrative Regulation #3601

BUSINESS AND NONINSTRUCTIONAL OPERATIONS

Investments

Preface:

The following Investment policy is intended to provide rules governing the investment of all funds held by the school district, including general operating funds, capital funds, including debt proceeds, enterprise funds, activity funds and fiduciary or escrow funds. Generally, this policy is intended to assure that funds held by the school district are invested in accordance with prudent investment practices with regard to legality, maturity and liquidity and credit quality. All school district investments are required to comply with this investment policy.

Definitions

- Short-term - an obligation with a maturity of 397 days or less from the time the investment is made.
- Credit risk - the risk of loss of principal or interest due to the failure of the issuer of the obligation.
- Interest rate risk - the risk that the market value of the investment will fall due to changes in general interest rates.
- Nationally recognized rating agency - Moody's Investors Service; Standard & Poor's Corporation; Veribanc, Inc.; or a similar nationally recognized rating agency.
- Investment Officer - The business administrator, or other officer designated by the board to have responsibility for management of the school district's investments. For purposes of the Public School Code, the business administrator shall be deemed to be acting on behalf of the treasurer of the school district.

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Policy Scope and Legal Authority

All school district funds shall be invested in accordance with this policy. This includes all funds which are property of, or are held by or on behalf of, the school district including general operating funds, capital funds, including debt proceeds, enterprise funds, activity funds and fiduciary or escrow funds.

Investment Objectives

The primary objectives of school district investment activities shall be, in priority order:

1. **Legality.** Investments shall be made in accordance with applicable laws.
2. **Safety.** Safety of principal shall never be compromised. Preservation of principal shall be ensured through minimizing credit risk and interest rate risk, and by thorough investigation and knowledge of all investment providers and professionals.
3. **Liquidity.** Investments shall remain sufficiently liquid to meet all anticipated cash flow requirements.
4. **Yield.** Investments shall be made with the objective of attaining a market-average rate of return throughout budget and economic cycles, taking into account credit risk and maturities.
5. **Diversification.** Investments shall be diversified by: (1) Avoiding concentration in obligations of a specific issuer (excluding U.S. Treasury securities); and (2) Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market mutual funds, or bank accounts subject to immediate withdrawal.
6. **Minimize Uninvested Balances.** Investments shall be made so as to minimize uninvited balances. The school district cash flow plan will be used to ensure that investments are made as early as possible, and that maturities are consistent with cash flow requirements.

Generally Permitted Investments

To the extent, and only to the extent, then permitted by law and prudent for the purpose of the investment being made, the school district may invest in the following:

- United States Treasury Bills;
- Short-term obligations of the United States Government or its agencies or instrumentalities. It should be noted that, except as provided at paragraph (4) below, such obligations cannot have a remaining maturity of greater than 397 days;
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC") to the extent such accounts are insured, and, for amounts above the insured maximum, provided that approved collateral as provided by law has been pledged by the depository;
- Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America. In addition to direct obligations of the United States of America, as of the date of this policy, the school district may also invest in obligations of the Government National Mortgage Association and interest strips obligations of the Resolution Funding Corporation;
- Obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities

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backed by the full faith and credit of the Commonwealth or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of such political subdivision;

- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933; provided that the following are met:
 - only investments of that company are in the authorized investments for school district funds listed in clauses (i) through (iv) and repurchase agreements fully collateralized by such investments;
 - the investment company is managed so as to maintain its shares at a constant net asset value; and
 - the investment company is rated in the highest category by a nationally recognized rating agency.

Investments other than those set forth above may be made by the Investment officer, after consultation with the financial advisor (as provided at Section 12 below) if, after such consultation, the investment officer and the financial advisor agree that such investment is legal, safe and prudent, appropriate for the purpose for which the investment is being made, and is in accordance with this policy. In the event that any doubt exists with respect to the legality of the proposed investment, the investment officer and the financial advisor shall consult with counsel to the school district and request a written opinion.

Pooling of Funds

Except for cash in certain restricted funds, to the extent beneficial for investment purposes, the school district will consolidate cash balances from various funds to maximize investment earnings. Generally, investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Board Delegation of Responsibility to Investment Officer

The business administrator shall serve as the investment officer for the school district. In his/her absence, the controller shall serve as the alternate. Both individuals shall be bonded in an amount approved by the school board.

The school board delegates to the investment officer responsibility to manage the investment program.

Only the investment officer or his/her designee shall have authority to transfer school district funds, which shall include transfers from a school district account or investment to another school district account or investment in the name of the school district.

Generally, the investment officer shall make all decisions concerning school district investments, and an investment advisor should not be granted investment discretion. However, in appropriate circumstances, the school district may grant limited investment discretion to an investment advisor in one or both of the following ways:

- As part of a cash management program, the school district may give to a financial institution authority to sweep excess school district funds into a designated pool or investment.
- As a part of a cash management program, the school district may give a financial institution

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limited investment discretion subject to the following limitations:

- The school district will provide the financial institution with its cash flow requirements, and investments will be made so as to provide liquid funds consistent with cash flow requirements.
- The school district will provide a list of permissible investments, including type of investment, any special criteria for permissible investments in each category, and requirements for reporting specific investments to the school district.

Monthly Investment Reports

The investment officer shall submit reports to the board for approval including:

- amount invested in various school district funds and accounts; and
- types and amounts of each investment including maturities and rates of return.

Collateral for Deposits

Depository institutions shall provide collateral for all school district deposits in accordance with applicable law.

Investment Providers and Professionals

All depositories, investment advisors, and investment counterparties of any type shall be provided with a copy of this policy and shall agree in writing that they are bound by the terms hereof.

Not less than annually, and any time there is a material change that requires disclosure, all depositories, investment advisors, and investment counterparties of any type shall provide the following, to the extent applicable: (i) confirmation of all ratings of such person or institution from a nationally recognized rating agency; (ii) its annual financial audit report; (iii) an updated prospectus; (iv) its current Form ADV-2; (v) notice of any material change of circumstances that the school district may find to be material.

Ethics

All depositories, investment advisors, and investment counterparties of any type shall disclose in writing to the school district:

- any fees paid to or received from a third party with respect to any school district investment; and
- any ownership of, by, or by a parent corporation which owns, any other depository institution, broker, investment advisor, or other investment provider or professional which does business with the school district.

Audit

All investment records shall be subject to annual audit by the school district's independent auditors.

Legal Counsel

The school district's legal counsel shall review investment agreements; documents establishing relationships with depository institutions, repurchase agreement providers, brokers, custodians,

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investment advisors, and other local government investment pools; and other documents as appropriate to ensure compliance with this policy and applicable law. Legal counsel need not review documents relating to opening standard bank accounts, certificates of deposit, or specific security transactions.

School District Financial Advisor

Whenever the school district has engaged the services of an independent financial advisor, the investment officer shall consult with such financial advisor whenever making an investment decision. The financial advisor shall evaluate the investment decision for compliance with this policy and shall provide to the investment officer its advice regarding the proposed investment's compliance with this policy and its prudence and appropriateness for the purpose of the investment. In the event that the financial advisor and the investment advisor do not agree with respect to a particular investment's compliance with this policy and its prudence and appropriateness for the purpose of the investment after consultation, the investment shall not be made until after approved by the finance committee of the board of school directors after presentation of both viewpoints to such committee by the investment officer and the financial advisor.

Policy

Adopted: June 16, 2005

Reviewed: December 11, 2008

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ATTACHMENT E - CERTIFICATION OF PROPOSAL DOCUMENTS

The provider certifies by signing this document that they:

1. Have carefully read and fully understand the information in the RFP.
2. Have the capability to successfully undertake the scope of work herein and complete the responsibilities and obligations of the proposal being submitted.
3. Represent that the information contained in the proposal is true and correct.
4. Did not in any way collude, conspire or agree, directly or indirectly, with any person, firm, corporation, review committee member, NPSD employee or other proposer in regard to the amount, terms or conditions of this proposal.
5. Acknowledge that the NPSD has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by the proposer.

Company Name _____

Signature _____

Printed Name _____

Title _____

Date _____

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ATTACHMENT F – CASH AND INVESTMENT BALANCE HISTORY

