



March 10, 2019

Dear Proposer:

La Villa Independent School District, La Villa, Texas, is seeking proposals for Depository Services.

Interested companies/parties are invited to submit sealed proposals to be received not later than 3:00 p.m. Central Standard Time, Tuesday, April 30, 2019, in the La Villa ISD Administration Building, Business and Finance Office in accordance with this Request for Proposal and the following sections which are incorporate herein and made a part thereof:

- A. Introduction, Page 2;
- B. Depository Questions and Conference, Page 2;
- C. Proposal Submission, Page 2;
- D. Evaluation Criteria, Page 3;
- E. Legislative Change, Page 3;
- F. Time Line, Page 3;
- G. Terms and Conditions, Page 5;
- H. Texas Government Code Chapter 2270 Verification Information, Page 5;
- I. Certificate of Interested Parties (HB 1295 Form), Page 6;
- J. Proposal Form, Pages 7-19;
- K. Signature Page, Page 20;
- L. Texas Government Code Chapter 2270 Verification Form, Page 21;
- M. Felony Conviction Form, Page 22;
- N. Non-Collusion Statement, Page 23;
- O. Acceptance Form, Page 24;
- P. Certificate of Interested Parties (HB 1295 Form), Page 25;
- Q. Attachment A – Volumes for Pricing Transactions, Pages 26-34;
- R. Attachment B – District's Current Account Structure, Page 35;
- S. Attachment C – District Investment Policy, Pages 36-54;
- T. Form W-9, Page 55;
- U. Form CIQ – Conflict of Interest Questionnaire, Pages 56-57;
- V. EDGAR Vendor Certification, Page 58-60.

**Request for Proposal Notice  
for Depository Services by  
La Villa Independent School District  
500 E. 9<sup>th</sup> Street  
La Villa, TX 78562**

La Villa Independent School District is soliciting proposals from banks to serve as a depository to assist with the banking functions for funds of the district.

**Introduction**

In accordance with the Texas Education Code (TEC), Chapter 45, Subchapter G, School District Depositories, the Board of Trustees of the district will select a depository through soliciting proposals for a depository services contract for a term of two years beginning September 1, 2019 and ending August 31, 2021 or until a successor depository is selected, qualified, and agrees to a depository agreement based on either fees or compensating balances.

The district and the depository may agree to extend this contract for two additional two-year terms in accordance with the TEC, §45.205. This section requires that the contract and any extension of this contract coincide with the district's fiscal year. If the district changes its fiscal year, the term of the contract may be shortened or extended no more than one year by mutual agreement to coincide, provided that this contract remains in effect until its successor is selected and has been qualified. If the parties cannot agree, the district has the option to change the term of this contract.

The legal provisions providing for naming a depository of the district are set forth in the TEC, Subchapter G, School District Depositories, §§45.201 through 45.209. Investments by the district are governed by the Texas Government Code (TGC), Chapter 2256, Public Funds Investment. Securities pledged as collateral to secure district deposits are governed by the TGC, Chapter 2257, Collateral for Public Funds.

**Bank Questions**

There will be a preproposal conference. Questions regarding this proposal request, or the services requested, will be accepted in written or email form only, at the address above on or before 3:00 pm on Friday, March 28, 2019. Responses to all material questions submitted will be communicated in writing or by email to all known interested banks by 5:00 pm on Wednesday April 3, 2019.

**Proposal Submission**

To be eligible for consideration under this request, the bank must submit three complete paper copies of each proposal by 3:00 pm CST on April 30, 2019 to the address below. The district will not accept proposals received after that time. Late submissions to the district address will be returned unopened.

The proposal must be submitted in a sealed envelope or packet marked "RFP 19-03-02 - Depository Services for La Villa ISD, attention Sandra C. Martinez." **An accompanying transmittal letter must be signed by a person authorized to bind the institution, state that the proposal is valid for 180 days from the submission date, and give full contact information regarding the proposal.**

The proposals must be delivered by US mail, express mail, or in person to:

Sandra C. Martinez  
Chief Financial Officer  
500 E. 9<sup>th</sup> Street

La Villa, TX 78562  
(956) 262-4755

All questions in the attached uniform proposal blank should be answered and provided to the district as the bank's proposal.

The bank must attach a cashier's check in the sum of \$500 payable to the district. If any portion of this contract is awarded to the bank, the check will be returned to the bank. If the bank fails to execute the contract in a reasonable time, the district will cash the check as liquidated damages. If the proposal is not accepted, the check will be returned to the bank immediately after contract award.

The district is also providing this proposal request electronically. The fee schedule, Attachment A, is in Excel format. The bank must submit the proposal in both paper and electronic form.

### **Evaluation Process**

*[NOTE: According to the TEC, §45.206(d), the district must state the selection criteria and select the proposal based on the ranking in relation to the stated selection criteria.]*

The district will use the following criteria to evaluate the proposal and award the contract:

- 25 % - Cost of services (charges for keeping district accounts, records, and reports and for furnishing checks)
- 15 % - Ability of the bank to provide the necessary services and perform the duties as depository. Experience in providing depository services to similar accounts (strength of project team)
- 15 % - Automated services offered
- 15 % - Collateralization policy and type of third-party institution holding collateral
- 10 % - Fraud prevention and notification policy
- 10 % - Interest rates offered on time deposits, checking accounts, and/or repurchase agreements
- 5 % - Funds availability schedule, controlled disbursement presentment
- 5 % - Additional services offered (purchasing card, payroll card, lease rate, other)
- 100% - Total**

The district reserves the right to reject any or all proposals and to accept the proposal the district considers most advantageous. If any portion or provision of this proposal and any contract between the depository and district entered into is invalid, the remainder, at the option of the district, must remain in full force and effect and not be affected. Acceptance of a proposal will be based on the total package of services offered by the bank.

### **Legislative Change**

Changes in the law that may be enacted by the Texas Legislature, in session, could alter the scope of requirements as stated in this document. The proposal should conform to all statutes in effect at the time of proposal opening.

### **Schedule for Selection Process**

The district will make every effort to adhere to the following schedule:

- |          |   |
|----------|---|
| 03/10/19 | Release of Request for Proposal (RFP)                                   |
| 03/28/19 | Deadline for questions concerning the RFP or services requested         |
| 04/03/19 | Responses given to any questions provided to all known interested banks |
| 04/30/19 | Deadline for proposal submission  |
| 05/20/19 | District Board award of contract  |

09/01/19 Contract commencement

### **Other Requirements**

The following requirements must be met:

1. The bank selected as the depository will notify the district in writing within 10 days of any changes in federal or state regulations or laws that would affect the depository agreement.
2. The depository's records relating to the district's accounts must be open to review by the district, its independent auditors, and the Texas Education Agency.
3. The district reserves the right to pay for depository services by targeted balances or by fees.
4. The district reserves the right to exclude direct payroll deposit service from the depository contract if the bank does not offer direct payroll deposit service.

### **District Rights**

The district reserves the right to:

- waive any defect, irregularity, or informality in the proposal or proposal procedures;
- reject any and all proposals;
- accept any proposal or portion thereof most advantageous to the district;
- request additional information or require a meeting with bank representatives for clarification;
- cancel, revise, or reissue this request for proposal or any portions of it,
- negotiate any conditions;
- retain all other provisions even if any provision of the proposal is determined invalid;
- modify deadlines; and
- select any proposal considered to be in its best interest as determined by the district.

All bids submitted must be received and time-stamped in the Department of Procurement & eCommerce prior to the deadline specified as the bid opening time and date. ISD shall not be held liable for late submissions.

### **LA VILLA ISD DOES NOT ACCEPT ELECTRONIC SUBMISSIONS OR FAX BIDS.**

Your response to information requested in the enclosed Request for Proposal, including related cost data and any supporting documentation will be used to make the final selection. Your written proposal will be the primary communication of your qualification to serve La Villa ISD.

**CONFLICT OF INTEREST DISCLOSURE**

A Conflict of Interest Disclosure is included and should be signed and returned with proposal. The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a vendor failed to file a conflict of interest questionnaire required by Section 176.006. Failure to submit a completed and signed Conflict of Interest Disclosure may result in the disqualification of the proposal.

**PUBLIC INFORMATION REQUESTS**

ISD is a political subdivision of the State of Texas, and as such all information and documentation in its possession, custody or control is subject to the requirements of the Texas Public Information Act set forth in Chapter 552 of the Texas Government Code. You understand that by submitting this bid, to include all supporting documentation, it is in the possession of the District. Therefore, La Villa ISD must and will provide all procurement and bid submittal information to any third-party that submits a Public Information Act request for the documents, with the exception of vendor financial statements.

**OPTION TO EXTEND CONTRACT**

The La Villa ISD reserves the right to extend this contract for three (3) additional two (2) year terms. If the option to renew is exercised, the contract will continue under the same terms and conditions.

**NON-APPROPRIATION OF FUNDS**

In the event funds are not appropriated by the ISD's governing body in any fiscal period for payments due under this contract, then the Executive Director of Procurement & eCommerce, or designee, will immediately notify the successful proposer(s), or their designee(s), of such occurrence and this contract will terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to ISD of any kind whatsoever, except as to the portions of the contract or other payments herein agreed upon for which funds will have been appropriated and budgeted or are otherwise available.

**UNIFORM COMMERCIAL CODE**

This contract shall be governed in accordance with the rights and remedies set forth in the Uniform Commercial Code as adopted by the State of Texas.

**TERMINATION CLAUSE**

ISD reserves the right to terminate this contract including, but not limited to, non-performance with thirty (30) days written notice.

**RIGHT TO REJECT**

La Villa ISD, La Villa, Texas, reserves the right to reject any and all proposals submitted and to request additional information from all proposers. The contract award will be made to the company who, based on the evaluation of all responses, applying all selection criteria and oral interviews, if necessary, is determined to be the best qualified.

**WAIVER**

No claim or right arising out of a breach of this contract can be discharged in whole or in part by a waive or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.

**VENUE**

Both parties agree that venue for any litigation arising from this contract shall lie in San Antonio, Bexar County, Texas.

**TEXAS GOVERNMENT CODE CHAPTER 2270 VERIFICATION FORM**

In the 2017 session the Texas Legislature adopted House Bill 89, effective September 1<sup>st</sup> 2017, which added section 2270 to the Texas Government Code. The state law requires governmental entities to receive written verification from any company they seek to enter into a contract with for goods or services stating that the company:

1. does not boycott Israel; and
2. will not boycott Israel during the term of the contract.

The attached verification form must be completed and returned with your proposal to the Business and Finance office.

**CERTIFICATE OF INTERESTED PARTIES (HB 1295 FORM)**

In 2015, the Texas Legislature adopted [House Bill 1295](#), which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. More information is located at the following site: <https://www.ethics.state.tx.us/tec/1295-Info.htm>

A business entity must use the on-line application to enter the required information on Form 1295 and print a copy of the completed form, which will include a certification of filing that will contain a unique certification number. An authorized agent of the business entity must sign the printed copy of the form and have the form notarized. The completed Form 1295 with the certification of filing number must be filed with the governmental body or state agency with which the business entity is entering into the contract. The on-line application may be obtained at the following site: [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm)

**Vendor must include signed and notarized HB 1295 Form in this proposal submission.**

## Proposal Form

for Depository Services

by

**La Villa Independent School District**

**Definitions and Instructions** - In this document, the terms “you” and “your” refer to the depository bank, and “we,” “our,” and “us” refer to the district named above.

You must answer all questions in this form and provide it to us as your proposal.

We have the right to reject any proposal. If any part of this proposal or any contract entered into between you and us is invalid, the remainder, at our option, remains in force and is not affected. We have the right to use a sub-depository bank other than the primary bank and those deposits will be collateralized.

**Bank Compensation** - We may pay for your services by targeted balances or by fees and change the methodology when appropriate? Please detail any differences in related costs to us with either option.

**Compensation Based on a Targeted Balance** - We may choose to pay for your services by maintaining a targeted amount of our funds in the depository. We will maintain balances in the checking accounts to compensate you in full or in part for services provided. You must provide a monthly account analysis that reflects the earnings credited for these balances.

You may invest any excess collected balance daily as directed by us in an overnight investment that we approve, an interest bearing account, or a money market mutual fund registered with the Securities and Exchange Commission (SEC) which strives to maintain a \$1 NAV. Please list below the overnight investment and any index upon which the rate will be based.

The rate history at your bank for the months beginning 11/18 and ending 01/19 was:

Earnings Credit Rate (ECR): \_\_\_\_\_ %  
 Interest Bearing Accounts: \_\_\_\_\_ %  
 Money Market Accounts: \_\_\_\_\_ %  
 Sweep Accounts: \_\_\_\_\_ %

*[Alternatively, the district may require the depository bank to complete the information by month according to Attachment A, Historical Information about the Bank.]*

If any of these rates is based on an index rate (such as the T-Bill auction rate), stipulate how you will use the index to calculate the rate.

**Compensation Based on Fees** - We may choose to pay for your services on a straight fee basis in which we will not maintain a targeted balance. You will assess fees, and we will pay them in accordance with your proposed fees as listed on Attachment A, Volumes for Pricing Transactions.

**District Investments** - We reserve the right to purchase, sell, and invest our funds and funds under our control, including bond funds, as authorized by the Texas Government Code, Chapter 2256, Public Funds Investment Act, and in compliance with our investment policy, a copy of which is attached as Attachment C, as well as found on the District’s website at <https://pol.tasb.org/Policy/Code/645?filter=CDA>

We may choose to invest in time deposits at the depository. You will pay interest on our funds placed in time deposits with maturities we chose. The interest rate spread on the deposits should be indicated as above, below, or equal to the “asked” yield on the comparable maturity T-Bill of the proposed time deposit being purchased as reported in an independent, financial source.

Single Maturity Time Deposits of more than \$100,000:

| Maturity         | Basis point spread over (+) or under<br>(-) T-Bill "asked" yield [ <i>District-<br/>specified rate</i> ] |
|------------------|--|
| 7 – 29 Days      | _____  |
| 30 – 59 Days     | _____  |
| 60 – 89 Days     | _____  |
| 90 – 179 Days    | _____  |
| 180 – 364 Days   | _____  |
| 365 Days or More | _____  |

**Collateral / Collateral Conditions** - You must provide collateral equal to 102 percent of all our time and demand deposits plus accrued interest minus applicable Federal Deposit Insurance Corporation (FDIC) coverage. Collateral will be pledged to us and held in an independent safekeeping institution by a custodian or permitted institution as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act. You will be liable for monitoring and maintaining the collateral and the required margin at all times and will provide an original safekeeping notice and a monthly report of the collateral including at least the security description, par amount, CUSIP, and market value.

You and we must execute a collateral agreement in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Provide a sample collateral agreement as Attachment D, Sample Collateral Agreement.

We estimate our maximum anticipated collateral requirement to be \$5,000,000.00.

If voluntary collateral pooling is legislated during the period of this contract, you and we may consider it and agree to use it under this contract.

**Eligible Collateral** - We will accept only approved securities as specified by the TEC, §45.201, as pledged collateral, voluntary pooled collateral (if available) or a Federal Home Loan Bank Letter of Credit.

**Banking Services Fees** - Based on the services we require from you, complete the proposed fee schedule, Attachment A, Volumes for Pricing Transactions. All fees which may be charged to supply the services must be included or will not be eligible under the contract. We and you reserve the right to mutually agree upon any change of contract terms or pricing during the contract extension periods.

**Depository Information** - Please answer the following questions about your depository bank.

1. State the full name and address of the depository and any parent holding company. List all branch locations within our boundary.



2. Provide the annual audited financial statement for the most current fiscal year. This may be in printed form, but we prefer an electronic link to the website. Members of your holding companies must include corporate annual financial statements and your individual call report for the most recent operating quarter. Audited financial statements are required each year of the contract.
3. State your rating from an independent depository rating agency or, if that rating is not available, the rating on your senior and subordinate debt. You must inform us of any change in this rating during the period of the contract within a reasonable period.

4. Contact Information

To ensure smooth communication and continuation of services, you must assign a specific account executive and a backup to our account to coordinate services and help solve any problem encountered.

- a. Designate a depository officer as a primary contact with us.

Name \_\_\_\_\_

Title \_\_\_\_\_

Telephone # \_\_\_\_\_

Fax # \_\_\_\_\_

Email \_\_\_\_\_

- b. Designate a depository representative as a backup contact with us.

Name \_\_\_\_\_

Title \_\_\_\_\_

Telephone # \_\_\_\_\_

Fax # \_\_\_\_\_

Email \_\_\_\_\_

- c. If the primary and backup contacts are not available, how do we contact someone in an emergency? After hours?
  - d. Describe in detail how you handle problem resolution, customer service, day-to-day contact, and ongoing maintenance for governmental clients. Please be specific about exactly whom we will be calling and working with for the situations described above.
  - e. Once an inquiry is submitted, what is the turnaround time in responding back to the District?
5. List references from at least three of your current, comparable governmental clients. Include the length of time under contract and a client contact, title, and telephone number.

6. Based on the services we require, please provide a proposed timeline for implementing the contract; include the timeline activities and direct responsibilities of both our district and your depository bank during implementation.
7. Provide a copy of all agreements (including those not directly referenced in this proposal) that will be required under the contract.
8. If we award the contract to you, you must review our then-current district investment policy and certify in writing to that review in accordance with the Public Funds Investment Act verifying that you have sufficient controls in place to avoid transactions not authorized by the policy. We have attached our investment policy to this proposal notice, and it can also be found at: <https://pol.tasb.org/Policy/Code/645?filter=CDA>
9. We may conduct a pre-award interview on-site at your depository bank before awarding the contract. Please provide us with a contact name for arranging the pre-award interview.
10. Are you offering any transition or retention incentive to us? If so, please describe it in detail

## Banking Services

### 1. Consolidated Account Structure with Sweep Mechanism

We are interested in earning at then-current interest rates available at all times. We want the option to use an automated, daily sweep to a money market mutual fund or depository alternative account (if competitive) to reach our full investment goal. *[District option: We will not accept a repurchase agreement or offshore investments as a sweep investment vehicle.]*

Our current account structure is listed as Attachment B, District's Current Account Structure. We do not guarantee that we will maintain the balances or structure at these same levels.

You must clearly describe your most cost-effective account structure (interest bearing accounts, zero balance accounts [ZBAs], or sweep, etc.).

- a. Fully describe the proposed account structure. Would a sweep be from a master account with ZBAs or directly swept from the individual accounts? Is interest distributed at the account level?
- b. State the average interest rate on the recommended alternative structure for the past 12 months.
- c. If an SEC-registered money market fund is used for the sweep proposal, provide the full name and a copy of the prospectus. It must strive to maintain a \$1 NAV.
- d. Interest earned on interest bearing accounts must **not** be charged as an expense on the account analysis. Confirm acceptance of this condition.

We may be required or may desire to open additional accounts, close accounts, or change account types during the contract period. If this occurs, the new accounts and services must be charged at the same contracted amount or, if unanticipated, at not more than published rates.

### 2. Automated Cash Management Information - We are interested in automated balance and detail information and online retention. If the depository is selected among the finalist to serve as the District's depository bank, the District may request a demonstration of the Depository's on-line banking program. Minimum automated services must include the following *[The district specifies the requirements.]*:

- prior-day summary and detail balance reporting on all accounts
  - intraday detail and summary balances (on local main and payroll accounts)
  - initiation and monitoring of stop payments
  - positive pay exception transactions
  - initiation and monitoring of internal and wire transfers
  - image access
  - controlled disbursement presentment totals
- a. Fully describe your online service. **List** the system capabilities (for example, balance reporting, wires, positive pay, stop payment, etc.).
  - b. What is your backup process to report balances and transactions in case the system is not available?
  - c. When is daily balance information available?
  - d. Submit samples of major screens available, or provide web link access to a demonstration module.
  - e. How is an individual security sign-on assigned, and who maintains the security module? How many levels of security are available?
  - f. With regard to controlled disbursements:
    - What is the cutoff time for disbursements?
    - What Federal Reserve location do these accounts clear through?
    - How do we have access to this information?

**3. Deposit Services** - We require standard commercial deposit services for all accounts.

We expect all deposited checks to clear based on your current published availability schedule, but please note any options for expedited availability in your proposal. For all cleared deposits you receive by your established deadline, you must process them for same-day ledger credit. If you fail to credit our accounts in a timely fashion, you must pay interest to us at the then-current effective federal funds rate.

- a. What is your daily cutoff time to ensure same-day ledger credit?
- b. Describe how and when you send credit and debit advices to us.
- c. What type of deposit bags do you use or require? Are these available from you?
- d. In what city does item processing occur?
- e. Describe the process for delivering deposits to your vault location, e.g.;
  - Are there specific cut-off times?
  - Are there specific security requirements?
- f. Do you require currency to be strapped? If so, what are the denominations?
- g. If the District notifies you of a deposit error, what is the expected turnaround time for a response from you?
- h. How do you handle discrepancies in deposits?
- i. Will you process preprinted deposit slips from software?
- j. What procedures do you have in place to prevent a check from clearing twice via a mobile deposit?
- k. How long do you keep the documentation submitted with the deposit? (i.e. adding machine tapes, list for large number of checks, etc.)
- l. In respect to coin deposits:
  - Do you require a separate coin deposit for large amount of coin? If so, state your threshold amount and procedures for this process.
  - Does the deposit go to one location, or will deposits containing large amounts of coin be sent to one facility and checks and currency to another?
  - Are mixed deposit bags and coin deposits processed at the same facility?
  - Do you require coin to be rolled or loose?

**Remote Deposit** - We are interested in establishing or using remote check deposit for a few high-volume locations during the contract period. These deposits include both consumer and commercial checks.

- m. What are your current capabilities in remote check deposit? Describe how checks are processed and cleared. Please state the cutoff time for same-day ledger credit.
- n. Give two comparable references with contact information.
- o. Do you produce a daily balancing report? Provide a sample.
- p. What scanner equipment is required to operate the system? Is this equipment available through your depository bank for purchase or lease? Please list the equipment required along with its cost.

**4. Standard Disbursing Services** - We are interested in standard disbursing services for designated accounts.

- a. Do you image all paid checks, deposit items and deposit slips?
- b. Are check and deposit images available online? When? Do you provide a monthly compact disc (CD)? If not, are reports downloadable?
- c. How long do you maintain check and deposit images online?
- d. Do you pay all our checks without charge upon presentation?

5. **Positive Pay** - We require positive pay services if available at the bank for designated accounts on which checks are written. The positive pay process should be fully automated and web based. We will transmit check information electronically to you on each check run and as we create checks manually.
  - a. Describe the data transmission and transfer requirements for automated and manual checks.
  - b. Is input available online for manual checks? If it is not available online, how do we transmit information on individual manual checks to you?
  - c. How can we change or delete check records, if necessary?
  - d. How do you notify us of a positive pay exception?
  - e. When do you report exception information to us? When is the deadline for our exception elections? Are images of exceptions available?
  - f. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often do you update teller information?
  - g. Do you offer payee positive pay?
  - h. Please provide a copy of your file layout format.
  
6. **Account Reconciliation** - We anticipate using partial or full reconciliation services on all accounts in concert with positive pay, depending on cost effectiveness.
  - a. Describe the partial and full reconciliation processes.
  - b. With what format(s) does your system interface? What record formats are required? The District uses TXEIS, which requires a CSV file format for interfacing with the system. How do you send reconciled data to us? When?
  - c. Please provide references of customers who use the XX ledger system?
  - d. Specify all reporting alternatives.
  - e. Are reports available online? How long are reports maintained online? Provide a sample copy of reports.
  
7. **Funds Transfer and Wire Services** - Incoming wire transfers must receive immediate same-day collected credit. Wire initiation should be available online. We require that wires be released the same business day if information is provided by the established deadline.
  - a. Describe the process of online wire initiation. What backup process is available for the online process in case the system is unavailable?
  - b. Is any paper transaction required for transfers or wires as follow-up?
  - c. How and when will you notify us of incoming wires? Online? Email?
  - d. Is future dating available for both repetitive and non-repetitive wires and transfers? How far in advance?
  - e. What is the deadline for initiation?
    - by telephone?
    - online?
  - f. Are templates and template storage available?
  
8. **Optical Imaging** - We desire optical images that are downloadable or on CD on all accounts.
  - a. What items and reports are available online (checks, statements, deposit slips, deposited items, etc.)? How long are each available?
  - b. What items are captured on the monthly CD, if provided?
  - c. When do you make the monthly CD or imaged reports available?
  - d. When and for how long are statements and account analyses available online?
  - e. How long do you store cleared checks in your database to prevent a check from clearing twice?

- 9. Automated Clearinghouse (ACH) Services** - We require ACH transactions for payable and receivable transactions. We require a pre-notification (pre-note) on all new transactions.
- Describe the transmission alternatives for individual ACH transactions. Can we initiate individual ACH transactions online?
  - What filters and blocks are available on our accounts for ACH transactions?
  - Are ACH addenda shown in their entirety online and in reports?
  - What is your policy on pre-notification? Is the pre-note charged as a standard ACH transaction?
  - What is the deadline for transmission (hour and day) for a payroll to credit employee accounts on a Friday?
  - Is ACH positive pay available?
  - Does ACH debit the account on day of initiation or settlement?

- 10. Safekeeping Services** - We may require you or another eligible offeror to provide book-entry safekeeping services for any securities we own. We will make all our investments and transmit instructions for clearing and safekeeping to you in writing or electronically.

All securities must be cleared on a **delivery versus payment (DVP)** basis. Ownership must be documented by original clearing confirmations, and safekeeping of receipts must be provided within one business day of the transaction. Funds for investments must be drawn from our designated demand deposit account. All principal and interest payments, coupon payments, and maturities must receive automated same-day collected credit on our designated account without requiring any additional action by us.

If you use a correspondent bank for safekeeping our securities, the transactions must be handled through your systems and must not require additional interaction by us with the correspondent bank. No delay in transactions, wires, or flow of funds is acceptable under a correspondent relationship.

- Are you a member of either the Federal Reserve or a Federal Home Loan Bank? If not, name the correspondent depository you would use for clearing and safekeeping. Describe any safekeeping arrangement proposed with a correspondent depository including processing requirements by us.
- Are security transactions available online for either originating or monitoring?
- What is the deadline for settlement instructions on a cash (same-day) settlement? Would we incur any charge for late instructions?

We may choose to purchase time deposits from you, but all-time deposits will be competitively bid at the time of purchase.

- 11. Collateral Requirements** - You must meet all the requirements, including those beyond the Public Funds Collateral Act, as stated below. The proposal must state that you agree to the following terms and conditions:

- All collateral pledged to us must be held by a custodian or permitted institution as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act.
- We, you, and the safekeeping bank must execute a triparty safekeeping agreement for custody of pledged securities in full compliance with the FIRREA requiring a depository resolution. (Or completion of Circular 7 if a Federal Reserve Bank is acting as custodian. Even if a Federal Reserve bank is used, you and we must still execute a depository agreement.)

- All time and demand deposits above FDIC coverage must be collateralized at a minimum of 102 percent of principal plus accrued interest at all times (110 percent on mortgage-backed securities).
- You are contractually liable for continuously monitoring and maintaining collateral at our required margin levels.
- The custodian must provide evidence of pledged collateral by sending original safekeeping receipts or a report directly to us within one business day of receipt.
- We must receive a monthly report of collateral pledged including description, par, market value, and cusip, at a minimum.
- We must grant substitution rights if you obtain our prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.

Authorized collateral includes only approved securities as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act and noted above.

- a. Do you propose any collateral charges? If so, under what conditions are they charged, and how is the charge applied?
- b. What is your deadline for requesting collateral in excess of existing requirements?

**12. Account Analysis** - You should provide monthly account analysis reports for each account and on a consolidated account basis.

- a. When is the account analysis available each month?
- b. Is the account analysis available online? Is it imaged on electronic media monthly?
- c. Are paper statements also sent to us? If so, when?
- d. How long will it take you to correct any billing errors on the account analysis?

**13. Monthly Statements** - You must provide monthly account statements on all accounts with complete supporting documentation.

- a. State when monthly statements will be available each month online and on paper.
- b. Is the monthly statement available online? If so, when and for how long? Are the statements imaged and/or put on electronic media monthly?
- c. If imaged, are paper statements also sent to us? If so, when?

**14. Overdrafts**

- a. Are all accounts aggregated for overdraft calculation purposes?
- b. State the rate basis for intraday and interday overdrafts.
- c. What is the policy for daylight overdrafts?

**15. Stop Payments** - We desire an automated stop payment process.

- a. What are the time period options available for stop payments?
- b. What are the options for extended stop payment periods? How are they extended?
- c. What is the cutoff hour for same-day action on stop payments?
- d. Can we initiate stop payment orders online? If so, do you require any paper follow-up document?
- e. What information on current and expiring stop payments is available online?

## 16. Customer Service

- a. Do you offer customer services in languages other than English?
- b. What languages are offered?

**17. Service Enhancements** - Based on the information you provide in the proposal and your knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that we should consider to manage our treasury operations more effectively.

## Optional Services

### 1. Nonsufficient Funds (NSF) Checks Re-presented as ACH (Re-presented Check [RCK] Entry)

We may want the option of the second presentment to be made by ACH to targeted dates for maximum collection potential.

- a. Are you currently using ACH for collection of NSF checks? How long have you been providing this service? Provide two comparable references with contact information.
- b. How are the NSF and the later ACH transactions matched and reconciled? Does your system cross-reference the two transactions in any way?
- c. Is the NSF information, image, or occurrence available online? When and how? For how long is it available online?
- d. Can we specify any target pay day(s)?

**2. Merchant Services** - We are interested in possibly accepting credit card payments for various activities. The service should include daily capture, transmission, and authorization of payments at point of sale and on the web. The service must include reporting by location.

- a. Do you currently offer merchant card processing services? How long has this service been available? What interface format(s) does your system supply?
- b. How many institutions and end customers do you have?
- c. Describe the fee components of a merchant card processing relationship. Provide a list of all the fees to us. State the association fees, the discount rates, and your fee per transaction.
- d. Do you have software that allows online payments to us through your portal?
- e. Describe the reporting functions and data availability.
- f. Describe billing options.
- g. Describe the authorization method or process used. How are incorrect authorizations reversed?
- h. Describe your debit card processing capabilities. Do you distinguish between debit and credit cards on your bank identification number (BIN)? Can you program a debit card to the lowest cost network?
- i. Describe your transmission process. Describe the monitoring and notification process if transmissions fail.
- j. Is data imaging available online? What is available online? When? For how long?
- k. Describe the dispute resolution process.
- l. Describe your security measures for Internet transactions and unauthorized use.

**3. Payroll Cards or Debit Cards** - We are exploring the use of stored-value cards (payroll cards or debit cards) as a payroll option for employees at a minimum. Cardholders should be able to use the cards as debit cards for purchases at point of sale as well as for cash withdrawals at financial institutions and automated teller machines.

The purchasing ability of the cards must be limited to the stored value of the card. We may choose not to pay for access fees for the employees issued the stored-value cards.



We will be responsible for any marketing of the program and have total discretion on the distribution of the cards. We will enroll the employees. You must provide cardholders with all processing and transaction information and reports. We expect the following services from you, at a minimum:

- embossing, encoding, and distributing standard cards as directed by us
  - providing paper and electronic statements to cardholders
  - administering accounts, including maintenance of accounts, application of funds, authorization of transactions, and related tracking customer service functions
- a. Do you currently provide this service? If so, how long has it been available?
  - b. How many institutions and end customers use the service? Provide three comparable references for the service.
  - c. Which program (authorization marks) does your program use? (Visa, MasterCard, etc.)
  - d. Describe the enrollment process. Is enrollment batched and web-based?
  - e. Describe the manner by which funds will be made available to the cardholders.
  - f. What are the inactivity levels for the program? Do these generate additional fees? Describe any other potential fees.
  - g. Are all funding transmissions by standard ACH? Describe the data transmission requirements and deadlines.

**4. Purchasing Cards** - We may consider a purchasing card program during the contract period. Cards would be assigned to our employees for defined use.

- a. What card platforms do you support (MasterCard, Visa)? Do you use a third-party processor?
- b. What, if any, information is available online? When? Describe data download and integration capabilities. Describe reporting capabilities.
- c. What client support is available? How is it provided?
- d. Describe the diverse parameters and restrictions available for the card control. How many access levels are available?
- e. Discuss settlement and corporate liability terms. Include information on your support for the program and your experience, settlement terms on payment, security procedures, and license requirements. How will we receive billing?
- f. Describe how cards are issued, deleted, or replaced. How do you handle lost or stolen cards?
- g. Provide three comparable references for the service.

**5. Check Printing**

- a. Do you offer check printing services? Describe?
- b. What is the deadline for same-day and next day printing?
- c. Where are checks printed and sent from?

**6. Smart Safes**

- a. Do you offer smart safes? Describe.
- b. From our deposit history is this cost effective?

**Schedules and Attachments**

We provide the following:

- Audited financial statements can be found here: <http://www.lavillaisd.org/domain/29>
- Attachment A, Volumes for Pricing Transactions (filled in with volumes)
- Attachment B, District's Current Account Structure
- Attachment C, District Investment Policy *[or link to website]*

You must include the following information with the proposal:

- copy of your audited financial statements *[or link to website]*
- corporate audited financial statements and the individual depository's call report (for members of your holding companies) *[or link to website]*
- Uniform Bank Performance Report reference
- Attachment A, Volumes for Pricing Transactions (filled in with rates)
- Sample Account Analysis Statement
- Attachment D, Sample Collateral Agreement
- any service agreements (including those not directly referenced in this proposal) that must be executed under the contract (if applicable)
- screen shots of major pages within your automated cash management system, or online web demo access (if available)
- sample daily balancing report for remote deposit (if applicable)
- sample account reconciliation reports (if applicable)

**Acknowledgments**

You confirm that you will not charge interest earned on the account analysis.

If awarded the contract, you must review our then-current district investment policy and certify in writing to that review in accordance with the Public Funds Investment Act verifying that you have sufficient controls in place to avoid transactions not authorized by the policy.

You accept the investment options and/or collateral conditions as specified in our investment policy.

By submitting this proposal, you acknowledge that you agree with and accept all specifications in the proposal except as you expressly qualified in the proposal.

Bank: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Date:

**La Villa Independent School District  
500 E. 9<sup>TH</sup> STREET  
La Villa, TX 78562  
Signature Page**

**Three (3) page requirements: 1. Answer statements 2. Signature 3. Company information.**

In the event funds are not appropriated by the La Villa Independent School District’s governing body in any fiscal period for payments due under this contract, then the Executive Director of Procurement & eCommerce, or designee, will immediately notify the successful proposer(s), or their designee(s), of such occurrence and this contract will terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to La Villa ISD of any kind whatsoever, except as to the portions of the contract or other payments herein agreed upon for which funds will have been appropriated and budgeted or are otherwise available.

The undersigned certifies that the firm and/or principals of the firm **(check one) is\_/is not\_** currently debarred, suspended, or proposed for debarment by any federal entity. The undersigned agrees to notify the District of any change in this status, should one occur, until such time as an award has been made under this procurement action.

Also, pursuant to the State of Texas Legislative Senate Bill NO. 1, Section 44.034, Notification of Criminal History, the undersigned affirms this firm **(check one) is\_/is not\_** owned or operated by anyone who has been convicted of a felony. This statement is not required of a publicly held corporation.

The undersigned affirms that they are duly authorized to execute this contract, that this company, firm, partnership or individual has not prepared this bid in collusion with any other Bidder, and that the contents of this bid as to prices, terms or conditions of said bid have not been communicated by the undersigned nor by any employee or agent to any other person engaged in this type of business prior to the official opening of this bid.

By submitting this offer, the undersigned acknowledges that the Conflict of Interest questionnaire, in accordance with HB914, has been received, that instructions have been read, and the questionnaire has been/is being submitted as necessary.

By submitting this offer, the undersigned acknowledges that the Disclosure of Interested Parties form, in accordance with HB1295, has been received, that instructions have been read, and the questionnaire has been/is being submitted as necessary.

**Original Authorized Signature** ► \_\_\_\_\_ (Person Responsible for Proposal) ◀

Company \_\_\_\_\_

Name of Representative \_\_\_\_\_

(Type or Print)

Address \_\_\_\_\_

City, State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Date \_\_\_\_\_

Email \_\_\_\_\_

**Texas Government Code Chapter 2270 Verification Form**

Texas Government Code Chapter 2270, enacted by HB 89 in the 2017 Texas Legislative session, requires any governmental entity to receive written verification from any company they seek to enter into a contract for goods or services entities regarding the boycotting of Israel. This form must be completed and returned with your proposal.

The undersigned verifies that \_\_\_\_\_ :  
(Insert Company Name Here)

- 3. does not boycott Israel; and
- 4. will not boycott Israel during the term of the contract.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
 Signature of Company Representative      Printed Name of Company Representative

*Definitions per Section 2270.001:*

- 1. *“Boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes; and*
- 2. *“Company” means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or any limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of those entities or business associations that exist to make a profit.*

**THIS SHEET MUST BE COMPLETED, SIGNED, AND RETURNED WITH RESPONDENT’S PROPOSAL. FAILURE TO SIGN AND RETURN THIS SHEET MAY RESULT IN THE REJECTION OF YOUR PROPOSAL**

### Felony Conviction Notification

**THIS FORM MUST BE COMPLETED, SIGNED, AND RETURNED WITH PROPOSAL**

State of Texas legislative Bill No. 1 Section 4.034, Notification of Criminal History, Subsection (a) states “a person or business entity that enters into a contract with a school district must give advance notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of a felony.”

Subsection (b) states “a school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. The district must compensate the person or business entity for services performed before the termination of the contract.”

THIS NOTICE IS NOT REQUIRED OF A PUBLICLY-HELD CORPORATION

Please check off one box and sign the form in the appropriate space

I, the undersigned agent for the firm named below, certify; that the information concerning notification of felony convictions has been reviewed by me and the information furnished is true to the best of my knowledge.

VENDOR'S NAME: \_\_\_\_\_

AUTHORIZED COMPANY OFFICIAL'S NAME (PRINTED): \_\_\_\_\_

A. My firm is a publicly held corporation; therefore, this reporting requirement is not applicable.

SIGNATURE OF COMPANY OFFICIAL \_\_\_\_\_

B. My firm is not owned nor operated by anyone who has been convicted of a felony.

SIGNATURE OF COMPANY OFFICIAL \_\_\_\_\_

C. My firm is owned and/or operated by the following individual(s) who has/have been convicted of a felony:

Name of Felon(s) \_\_\_\_\_

Details of Conviction(s) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIGNATURE OF COMPANY OFFICIAL \_\_\_\_\_

# NON-COLLUSION STATEMENT

The undersigned Proposer, by signing and executing this proposal, certifies and represents to the La Villa Independent School District that Proposer has not offered, conferred or agreed to confer any pecuniary benefit, as defined by Section 1.07 (a)(6) of the Texas Penal Code, or any other thing of value, as consideration for the receipt of information or any special treatment or advantage relating to this proposal; the Proposer also certifies and represents that Proposer has not offered, conferred or agreed to confer any pecuniary benefit or other things of value as consideration for the recipient's decision, opinion, recommendation, vote or other exercise of discretion concerning this proposal; the Proposer certifies and represents that Proposer has neither coerced nor attempted to influence the exercise of discretion by any officer, trustee, agent or employee of the La Villa Independent School District concerning this proposal on the basis of any consideration not authorized by law; the Proposer also certifies and represents that Proposer has not received any information not available to other proposers so as to give the undersigned a preferential advantage with respect to this proposal; the Proposer further certifies and represents that Proposer has not violated any state, federal or local law, regulation or ordinance relating to bribery, improper influence, collusion or the like and that Proposer will not in the future, offer, confer, or agree to confer any pecuniary benefit or other thing of value of any officer, trustee, agent or employee of the La Villa Independent School District in return for the person having exercised the person's official discretion, power or duty with respect to this proposal; the Proposer certifies and represents that it has not now and will not in the future offer, confer, or agree to confer a pecuniary benefit or other thing of value to any office, trustee, agent or employee of the La Villa Independent School District in connection with information regarding this proposal, the submission of this proposal, the award of this proposal or the performance, delivery or sale pursuant to this proposal.

FIRM NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

TELEPHONE NUMBER \_\_\_\_\_

FAX NUMBER \_\_\_\_\_

TYPED NAME OF REPRESENTATIVE(S) \_\_\_\_\_

SIGNATURE OF REPRESENTATIVE(S) \_\_\_\_\_

DATE \_\_\_\_\_

**ACCEPTANCE FORM**

We, \_\_\_\_\_ have reviewed all of the documents provided in connection with RFP 19-03-02 and agree to all terms, conditions, criteria and specifications set forth in any of the documents provided by La Villa ISD in connection with the Depository Service RFP 19-03-02. Accordingly, we submit our response as requested. All costs involved in submitting this proposal to the La Villa Independent School District will be liable in full by the proposing firm.

\_\_\_\_\_  
FIRM NAME

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
CITY/STATE/ZIP+4

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
FAX NUMBER

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
POSITION WITH COMPANY

\_\_\_\_\_  
SIGNATURE OF COMPANY OFFICIAL AUTHORIZING THIS PROPOSAL

\_\_\_\_\_  
COMPANY OFFICIAL (PRINT NAME)

\_\_\_\_\_  
OFFICIAL POSITION



## LA VILLA INDEPENDENT SCHOOL DISTRICT CERTIFICATE OF INTERESTED PARTIES – FORM 1295

### Definitions and Instructions for Completing Form 1295

La Villa ISD is required to comply with House Bill 1295, which amended the Texas Government Code by adding Section 2252.908, Disclosure of Interested Parties. Section 2252.908 prohibits La Villa ISD from entering into a contract resulting from this RFP with a business entity unless the business entity submits a Disclosure of Interested Parties – Form 1295 to La Villa ISD at the time the business entity submits the signed contract. The Texas Ethics Commission has adopted rules requiring the business entity to file Form 1295 electronically with the Texas Ethics Commission.

*As a “business entity,” all vendors must electronically complete, print, sign, notarize and submit Form 1295 with their proposals or contracts even if no interested parties exist.*

Proposers must file Certificate of Interested Parties – Form 1295 with the Texas Ethics Commission using the following online application: [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm)

- Proposers must use the filing application on the Texas Ethics Commission’s website (see link above) to enter the required information on Form 1295.
- Proposers must print a copy of the completed form, which will include a certification of filing containing a unique certification number.
- The Form 1295 must be printed and then signed by an authorized agent of the business entity
- The completed Form 1295 with the certification of filing must be filed with La Villa ISD by including a copy of the completed form with the proposal response.
- La Villa ISD must acknowledge the receipt of the filed Form 1295 by notifying the Texas Ethics Commission of the receipt of the filed Form 1295 no later than the 30<sup>th</sup> day after the date the contract binds all parties to the contract.
- After La Villa ISD acknowledges the Form 1295, the Texas Ethics Commission will post the completed Form 1295 to its website within seven (7) business days after receiving notice from La Villa ISD.

### Instructions to Vendors:

1. Read these instructions,
2. Go to the Ethics Commission Website [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm)
3. Register and complete Form 1295 online -include the proposal number and the contract/RFP name,
4. Print a copy of the submitted Form 1295 and have it notarized -it will have a certification # in the top right corner,
5. Include a copy of the completed, signed and notarized Form 1295 with the proposal response.

### Definitions:

- **Contract** means a contract between La Villa ISD and/or its cooperative members and a business entity at the time it is voted on by the La Villa ISD Board of Directors or at the time it binds La Villa ISD, whichever is earlier, and includes an amended, extended, or renewed contract.
- **Business Entity** includes an entity through which business is conducted with La Villa ISD and/or its cooperative members, regardless of whether the entity is a for-profit or nonprofit entity. The term does not include a governmental entity or State agency.
- **Controlling Interest** means:
  - 1) an ownership interest or participating interest in a business entity by virtue of units, percentage, shares, stock, or otherwise that exceeds ten percent (10%);
  - 2) membership on the board of directors or other governing body of a business entity of which the board or other governing body is composed of not more than ten (10) members; or
- 3) service as an officer of a business entity that has four (4) or fewer officers, or service as one of the four (4) officers most highly compensated by a business entity that has more than four (4) officers. This section does not apply to an officer of a publicly held business entity or its wholly owned subsidiaries.
  - **Interested Party:** a person who:
    - 1) has controlling interest in a business entity with whom La Villa ISD and/or its cooperative members contracts; or
    - 2) actively participates in facilitating the contract or negotiating the terms of the contract, including a broker, intermediary, adviser, or attorney for the business entity.
  - **Intermediary:** a person who actively participates in the facilitation of the contract or negotiation of the contract, including a broker, advisor, attorney, or representative of or agent for the business entity who:
    - 1) receives compensation from the business entity for the person’s participation;
    - 2) communicates directly with the governmental entity or state agency on behalf of the business entity regarding the contract; and
    - 3) is not an employee of the business entity.
- **Signed** includes any symbol executed or adopted by a person with present intention to authenticate a writing, including an electronic signature.
- **Value** of a contract is based on the amount of consideration received or to be received by the business entity from the La Villa ISD and/or its cooperative members under the contract.

### Resources:

#### Form 1295 Frequently Asked Questions:

- [https://www.ethics.state.tx.us/whatsnew/FAQ\\_Form1295.html](https://www.ethics.state.tx.us/whatsnew/FAQ_Form1295.html)

#### Instructional Video – First Time Business User:

- <https://www.ethics.state.tx.us/filinginfo/videos/Form1295/FirstLogin-Business/Form1295Login-Business.html>

#### Instructional Video – How to Create a Certificate:

- <https://www.ethics.state.tx.us/filinginfo/videos/Form1295/CreateCertificate/CreateCertificate.html>

## ATTACHMENT A

\_La Villa\_ ISD

*Provide a price schedule for all services and include any one-time charges or set-up fees.*

| Service  | Unit Basis          | Est. Vol. | Unit Bank Charge | Explanatory Notes, if applicable |
|--|---------------------|-----------|------------------|----------------------------------|
| <b>Account Deposit Services</b>                  |                     |           |                  |                                  |
| Master Account Maintenance Fee                   | Per account         | 10        |                  |                                  |
| Subsidiary Account Maintenance                   | Per account         |           |                  |                                  |
| Money Market Account Maintenance Fee             | Per account         |           |                  |                                  |
| Interest Bearing Accounts Maintenance Fee        | Per account         |           |                  |                                  |
| ZBA Accounts Maintenance Fee Master              | Per account         |           |                  |                                  |
| ZBA Accounts Maintenance Subsidiary              | Per account         |           |                  |                                  |
| ZBA Account Transfers                            | Per item            |           |                  |                                  |
|  |                     |           |                  |                                  |
| Investment Sweep - master account                | Per account/mo      |           |                  |                                  |
| Investment Sweep - Subsidiary accounts           | Per account/mo      |           |                  |                                  |
|  |                     |           |                  |                                  |
| Debits Posted                                    | Per item            | 142       |                  |                                  |
| Credits Posted                                   | Per item            | 23        |                  |                                  |
| Checks Paid                                      | Per item            | 137       |                  |                                  |
| <b>Automated Services - Balance &amp; Detail</b> |                     |           |                  |                                  |
| <b>If Services are Bundled:</b>                  |                     |           |                  |                                  |
| Bundled Balance & Activity Reporting             | Per month           |           |                  |                                  |
| Monthly Maintenance                              | Per month/account   |           |                  |                                  |
| Detail Item Fees                                 | Per item            |           |                  |                                  |
|  |                     |           |                  |                                  |
| <b>If services are Un-Bundled (by Module)</b>    |                     |           |                  |                                  |
| Balance Reporting Module Maintenance             | Per account         |           |                  |                                  |
| Daily Balance Reporting                          | Per account         |           |                  |                                  |
| Previous day Reporting                           | Per account         |           |                  |                                  |
| Previous Day Dr/Cr Items                         | Per item            |           |                  |                                  |
| ACH Module Maintenance                           | Per account/overall |           |                  |                                  |
| ACH Detail                                       | Per item            |           |                  |                                  |
| Reconciliation Module Maintenance                | Per account/overall |           |                  |                                  |
| Recon detail                                     | Per item            |           |                  |                                  |
| Stop Pay Module Maintenance                      | Per account/overall |           |                  |                                  |
| Stop pay item                                    | Per item            |           |                  |                                  |
| Wire and Internal Transfer Module Maintenance    | Per                 |           |                  |                                  |

|                                    |                 |   |  |  |
|------------------------------------|-----------------|---|--|--|
|                                    | account/overall |   |  |  |
| Addenda reporting                  | Per item        |   |  |  |
| Positive Pay Module                | Per account/mo  |   |  |  |
| PP Detail                          | Per item        |   |  |  |
|                                    |                 |   |  |  |
| Detail Transactions - All modules  | Per item        |   |  |  |
|                                    |                 |   |  |  |
| <b>Deposits</b>                    |                 |   |  |  |
| Commercial Account Maintenance     | Per account     |   |  |  |
| Banking Center Deposits            | Per item        |   |  |  |
| Night Drop Deposit                 | Per item        | 1 |  |  |
| Items Deposited                    |                 |   |  |  |
| Items deposited                    | Per deposit     |   |  |  |
| On-us Items                        | Per item        |   |  |  |
| Local items                        | Per item        |   |  |  |
| Local Fed/RCPC Clearing            | Per item        |   |  |  |
| City Items (in state)              | Per Item        |   |  |  |
| Other State Items                  | Per item        |   |  |  |
| 11th Fed Country Items             | Per item        |   |  |  |
| Other 11th Fed RCPC Items          | Per item        |   |  |  |
| Transit Item Clearing              | Per item        |   |  |  |
|                                    |                 |   |  |  |
| Encoding Charge                    | Per item        |   |  |  |
|                                    |                 |   |  |  |
| <b>Cash Vault</b>                  |                 |   |  |  |
| Cash Vault Base Fee Processing Fee | Per item        |   |  |  |
| Standard Deposit Vault             | Per deposit     |   |  |  |
| Standard Deposit Note Vault        | Per deposit     |   |  |  |
| Currency Deposits                  |                 |   |  |  |
| Cash deposited                     | Per \$\$        |   |  |  |
| Strapped currency furnished        |                 |   |  |  |
| Strapped currency                  |                 |   |  |  |
| Loose Currency                     |                 |   |  |  |
| Currency Wraps Shipped             | Per strap       |   |  |  |
| Coin Deposits                      |                 |   |  |  |
| Full bag - loose coin              |                 |   |  |  |
| Partial bag of loose coin          |                 |   |  |  |
| Rolled Coin Furnished              | Per roll        |   |  |  |
| Minimum Change Order               |                 |   |  |  |
|                                    |                 |   |  |  |
| Branch Order Processing            | Per Order       |   |  |  |
| Branch Per Deposit                 | Per Deposit     |   |  |  |

|   |                   |    |  |  |
|---|-------------------|----|--|--|
| Branch Coin Shipped                     | Per Shipment      |    |  |  |
|   |                   |    |  |  |
| Change Order                            | Per item          |    |  |  |
| Deposit Corrections                     | Per item          |    |  |  |
| Return Item - Per item                  | Per item          | 2  |  |  |
| Return Items Return and Reclear         | Per item          | 1  |  |  |
| Charge-backs                            | Per item          | 1  |  |  |
| Return Check Notice Fax                 | Per item          |    |  |  |
| Return Check Notice Internet            | Per item          |    |  |  |
|   |                   |    |  |  |
| <b>ACH Processing</b>                   |                   |    |  |  |
| Service Monthly Maintenance (Base) Fee  | Per month/account |    |  |  |
| ACH Transactions Originated             | Per item          | 1  |  |  |
| Debits originated                       | Per item          |    |  |  |
| Credits Originated                      | Per item          |    |  |  |
|   |                   |    |  |  |
| Electronic Credit Received/Posted       | Per Item          | 10 |  |  |
| Electronic Debit Recived/Posted         | Per item          | 18 |  |  |
|   |                   |    |  |  |
| Electronic Originated Addenda           | Per item          |    |  |  |
| ACH Return Items                        | Per item          |    |  |  |
| Return Notification                     | Per Item          |    |  |  |
| Deletions or Reversal Charges           | Per item          |    |  |  |
| Transmission                            | Per file          |    |  |  |
|   |                   |    |  |  |
| Fraud Filter - Review - Base Fee        | Per month         |    |  |  |
| Fraud Filter - Review - Per Item        | Per item          |    |  |  |
| Reports - by Fax                        | Per item          |    |  |  |
|   |                   |    |  |  |
| <b>Positive Pay</b>                     |                   |    |  |  |
| Service Monthly Maintenance (Base) Fee* | Per account or mo |    |  |  |
| Positive Pay Item                       | Per item          |    |  |  |
| Per item charge with Partial Recon      | Per item          |    |  |  |
| Per item charge with Full Recon         | Per item          |    |  |  |
| Per item without recon services         |                   |    |  |  |
| Transmission - File Transmission        | Per item          |    |  |  |
|   |                   |    |  |  |
| <b>Imaging</b>                          |                   |    |  |  |
| Imaging Maintenance                     | Per month         |    |  |  |
| CD Rom Service - Per Item               | Per item          |    |  |  |
| CD Rom Service - Per Disk               | Per item          | 1  |  |  |
|   |                   |    |  |  |

|  |                  |   |  |  |
|--|------------------|---|--|--|
| <b>Reconciliation</b>                          |                  |   |  |  |
| ACH Monthly Maintenance                        | Per Month        |   |  |  |
| Partial Recon Monthly Maintenance              | Per Month        |   |  |  |
| Partial reconciliation - detail                | Per item         |   |  |  |
| Full recon monthly maintenance                 | Per month        |   |  |  |
| Full recon detail                              | Per item         |   |  |  |
| Deposit Reconciliation - Mo Maintenance        | Per Month        |   |  |  |
| Deposit Recon - per detail                     | Per item         |   |  |  |
| Transmissions                                  | Per Transmission |   |  |  |
| Transmission Detail                            | Per item         |   |  |  |
|  |                  |   |  |  |
| <b>Safekeeping</b>                             |                  |   |  |  |
| Service Monthly Maintenance Custody            | Per month        |   |  |  |
| Clearing Fees                                  |                  |   |  |  |
| Securities Received/ Delivered - DVP           | Per item         |   |  |  |
| Safekeeping Fees                               | Per item         |   |  |  |
| Custody per Cusip/Holding                      | Per cusip        |   |  |  |
| Income Collection to DDA                       | Per item         |   |  |  |
|  |                  |   |  |  |
| <b>Stop Pays</b>                               |                  |   |  |  |
| Stop Pays (automated)                          | Per item         |   |  |  |
| Stop Pays (Web Based)                          |                  | 3 |  |  |
| <b>Wire Transfers</b>                          |                  |   |  |  |
| Service Monthly Maintenance*                   | Per month        |   |  |  |
| Incoming - domestic Straight                   | Per item         | 2 |  |  |
| Outgoing - repetitive - automated,domestic     | Per item         | 1 |  |  |
|  |                  |   |  |  |
|  |                  |   |  |  |
| Outgoing - non-repetitive - automated,domestic | Per item         |   |  |  |
| Book Transfer Internet Initiated               | Per item         |   |  |  |
| Wire Advices Faxed/Mailed                      | Per item         |   |  |  |
|  |                  |   |  |  |
| <b>OPTIONAL SERVICES REQUESTED</b>             |                  |   |  |  |
| <b>Remote capture of checks</b>                |                  |   |  |  |
| One-time set-up or training fees               | One time         |   |  |  |
| Monthly maintenance                            | Per month/card   |   |  |  |
| Capture and transmission fee from provider     | Per item         |   |  |  |
| On-us Item                                     | Per item         |   |  |  |
| Local Item                                     | Per item         |   |  |  |
| Transit Item                                   | Per item         |   |  |  |
|  |                  |   |  |  |
| <b>RCK Services</b>                            |                  |   |  |  |

|                                       |                    |  |  |  |
|---------------------------------------|--------------------|--|--|--|
| RCK Maintenance                       | Per account/mo.    |  |  |  |
| RCK Detail                            | Per items          |  |  |  |
|                                       |                    |  |  |  |
| <b>Pay/Debit Cards</b>                |                    |  |  |  |
| Service Monthly Maintenance           | Per month          |  |  |  |
| Processing and servicing              | Per card           |  |  |  |
| Implementation fee                    | One time           |  |  |  |
| Initial system design and development | One time           |  |  |  |
| Enrollment                            | Per card           |  |  |  |
| Corrections                           | Per item           |  |  |  |
|                                       |                    |  |  |  |
| Employee Charges                      |                    |  |  |  |
| ATM Cash Withdrawal - On-us           | Per item           |  |  |  |
| ATM Cash Withdrawal - non-bank        | Per item           |  |  |  |
| Cash Advance OTC                      | Per item           |  |  |  |
| ATM Balance Inquiry                   | Per item           |  |  |  |
| Overdraft Fee                         | Per item           |  |  |  |
| Lost/stolen replacement fee           | Per card           |  |  |  |
| Standard reporting                    | Per item           |  |  |  |
|                                       |                    |  |  |  |
| <b>Purchasing Cards</b>               |                    |  |  |  |
| Service Monthly Maintenance           | Per month          |  |  |  |
| Card Issuance Fee                     | Per card           |  |  |  |
| Transaction Fee                       | Per item           |  |  |  |
| License Fee                           | Per month          |  |  |  |
| Rebate on amt purchased <\$1mm        |                    |  |  |  |
|                                       |                    |  |  |  |
| <b>Merchant Card Services</b>         |                    |  |  |  |
| <b>Fees</b>                           |                    |  |  |  |
| One-time set up fee                   |                    |  |  |  |
| Application fees: First location      |                    |  |  |  |
| Locations 2-5                         |                    |  |  |  |
| Locations >5                          |                    |  |  |  |
| Annual fee / Monthly Maintenance fee  | Per month/location |  |  |  |
| Monthly Statement Fee                 | Per month          |  |  |  |
| Supply fee                            | Per month          |  |  |  |
| Minimum processing fee                |                    |  |  |  |
| Internet Set-up fee                   | Per location       |  |  |  |
| <b>Credit Card Processing fees</b>    | Per item           |  |  |  |
| VISA CPS-2 Interchange                | %                  |  |  |  |
| Assocation                            | %                  |  |  |  |
| Visa fee                              | \$                 |  |  |  |

|   |          |  |  |  |
|---|----------|--|--|--|
| Bank fee                                | \$       |  |  |  |
| MC Merit III Interchange                | %        |  |  |  |
| Association                             | %        |  |  |  |
| MC fee                                  | \$       |  |  |  |
| Bank fee                                | \$       |  |  |  |
| Visa Check Card Interchange (Signature) | %        |  |  |  |
| Association                             | %        |  |  |  |
| Visa fee                                | \$       |  |  |  |
| Bank fee                                | \$       |  |  |  |
| MC Debit Card Interchange (Signature)   | %        |  |  |  |
| Association                             | %        |  |  |  |
| MC fee                                  | \$       |  |  |  |
| Bank fee                                | \$       |  |  |  |
| Debit Card Processing MC/Visa           |          |  |  |  |
| <b>Authorization Fees</b>               |          |  |  |  |
| Voice authorizations                    |          |  |  |  |
| Address verification                    |          |  |  |  |
| Terminal Authorizations                 |          |  |  |  |
| MC Electronic authorization             |          |  |  |  |
| Discover Electronic authorization       |          |  |  |  |
| AmEx Electronic authorization           |          |  |  |  |
| <b>Processing Fees</b>                  |          |  |  |  |
| Chargeback processing                   |          |  |  |  |
| Batch settlement fee                    |          |  |  |  |
| Transmission Fee                        | Per item |  |  |  |
| Transmission - Item                     | Per item |  |  |  |

## ATTACHMENT A

ISD name:

La Villa ISD

District-Provided

Historical Information

(to be completed by the district and provided to banks)

**General Operating**

| Average<br>Ledger Balance |  |             | Explanatory<br>Notes, if applicable |
|---------------------------|--|-------------|-------------------------------------|
| Month                     |  | Dollars     |                                     |
| 19-Feb                    |  | \$1,556,171 |                                     |
| 19-Jan                    |  | \$1,519,331 |                                     |
| 18-Dec                    |  | \$1,193,631 |                                     |
| 18-Nov                    |  | \$1,602,348 |                                     |
| 18-Oct                    |  | \$1,529,633 |                                     |
| 18-Sep                    |  | \$1,420,627 |                                     |
| 18-Aug                    |  | \$1,256,430 |                                     |
| 18-Jul                    |  | \$2,056,264 |                                     |
| 18-Jun                    |  | \$1,808,837 |                                     |
| 18-May                    |  | \$2,076,601 |                                     |
| 18-Apr                    |  | \$1,960,736 |                                     |
| 18-Mar                    |  | \$2,747,783 |                                     |

**Payroll**

| Average<br>Collected Balance |  |           | Explanatory<br>Notes, if applicable |
|------------------------------|--|-----------|-------------------------------------|
| Month                        |  | Dollars   |                                     |
| 19-Feb                       |  | \$52,855  |                                     |
| 19-Jan                       |  | \$4,647   |                                     |
| 18-Dec                       |  | \$342,754 |                                     |
| 18-Nov                       |  | \$196,221 |                                     |
| 18-Oct                       |  | \$112,360 |                                     |
| 18-Sep                       |  | \$182,994 |                                     |
| 18-Aug                       |  | \$52,695  |                                     |
| 18-Jul                       |  | \$42      |                                     |
| 18-Jun                       |  | \$191,981 |                                     |
| 18-May                       |  | \$2,467   |                                     |
| 18-Apr                       |  | \$6,824   |                                     |
| 18-Mar                       |  | \$571     |                                     |



**Interest and Sinking**

| Merchant Services<br>(Credit Cards) | Avg Ticket<br>Size | Estimated<br>Volume | Explanatory<br>Notes, if applicable |
|-------------------------------------|--------------------|---------------------|-------------------------------------|
| Month                               | Dollars            | Dollars             |                                     |
| 19-Feb                              |                    | 222,557             |                                     |
| 19-Jan                              |                    | 69,356              |                                     |
| 18-Dec                              |                    | 19,006              |                                     |
| 18-Nov                              |                    | 11,380              |                                     |
| 18-Oct                              |                    | 11,380              |                                     |
| 18-Sep                              |                    | 1,696               |                                     |
| 18-Aug                              |                    | 70                  |                                     |
| 18-Jul                              |                    | 410,507             |                                     |
| 18-Jun                              |                    | 409,463             |                                     |
| 18-May                              |                    | 408,654             |                                     |
| 18-Apr                              |                    | 406,814             |                                     |
| 18-Mar                              |                    | 403,708             |                                     |

**Construction**

| Purchasing Cards | Estimated<br>Volume | Estimated<br>Volume | Explanatory<br>Notes, if applicable |
|------------------|---------------------|---------------------|-------------------------------------|
| Month            | Transactions        | Dollars             |                                     |
| 19-Feb           |                     | 2,284,216           |                                     |
| 19-Jan           |                     | 2,283,519           |                                     |
| 18-Dec           |                     | 2,301,612           |                                     |
| 18-Nov           |                     | 2,410,078           |                                     |
| 18-Oct           |                     | 2,272,485           |                                     |
| 18-Sep           |                     | 3,084,138           |                                     |
| 18-Aug           |                     | 3,322,896           |                                     |
| 18-Jul           |                     | 4,187,047           |                                     |
| 18-Jun           |                     | 4,185,580           |                                     |
| 18-May           |                     | 4,184,250           |                                     |
| 18-Apr           |                     | 4,219,265           |                                     |
| 18-Mar           |                     | -                   |                                     |

**Student Activity**

| Merchant Services<br>(Credit Cards) | Avg Ticket<br>Size | Estimated<br>Volume | Explanatory<br>Notes, if applicable |
|-------------------------------------|--------------------|---------------------|-------------------------------------|
| Month                               | Dollars            | Dollars             |                                     |
| 19-Feb                              |                    | 73,500              |                                     |
| 19-Jan                              |                    | 74,285              |                                     |
| 18-Dec                              |                    | 79,322              |                                     |
| 18-Nov                              |                    | 75,126              |                                     |
| 18-Oct                              |                    | 70,017              |                                     |
| 18-Sep                              |                    | 64,003              |                                     |
| 18-Aug                              |                    | 55,579              |                                     |
| 18-Jul                              |                    | 51,979              |                                     |
| 18-Jun                              |                    | 56,366              |                                     |
| 18-May                              |                    | 58,378              |                                     |
| 18-Apr                              |                    | 70,757              |                                     |
| 18-Mar                              |                    | 79,802              |                                     |

**Teacher Activity**

| Purchasing Cards | Estimated<br>Volume | Estimated<br>Volume | Explanatory<br>Notes, if applicable |
|------------------|---------------------|---------------------|-------------------------------------|
| Month            | Transactions        | Dollars             |                                     |
| 19-Feb           |                     | 3,300               |                                     |
| 19-Jan           |                     | 3,300               |                                     |
| 18-Dec           |                     | 3,077               |                                     |
| 18-Nov           |                     | 3,293               |                                     |
| 18-Oct           |                     | 3,292               |                                     |
| 18-Sep           |                     | 3,291               |                                     |
| 18-Aug           |                     | 3,259               |                                     |
| 18-Jul           |                     | 3,348               |                                     |
| 18-Jun           |                     | 3,347               |                                     |
| 18-May           |                     | 3,321               |                                     |
| 18-Apr           |                     | 3,370               |                                     |
| 18-Mar           |                     | 3,269               |                                     |

## ATTACHMENT B

## DISTRICT'S CURRENT ACCOUNT STRUCTURE

The District presently maintains accounts as listed below. The District reserves the right to open additional accounts or to close accounts during the course of the depository contract.

| <u>Type of Account</u> | <u>Number of<br/>Accounts</u> | <u>Interest Bearing/<br/>Non-Interest Bearing</u> |
|------------------------|-------------------------------|---|
| General Operating      | 1                             | IB checking                                       |
| Payroll                | 1                             | IB  |
| Activity               | 2                             | IB  |
| Interest and Sinking   | 1                             | IB  |
| Construction           | 1                             | IB  |

## ATTACHMENT C

La Villa ISD  
108914

### OTHER REVENUES INVESTMENTS CDA LEGAL

All investments made by a district shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules, or regulations. *Gov't Code 2256.026*

#### Definitions

##### Investment Pool

“Investment pool” means an entity created under the Texas Government Code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are preservation and safety of principal, liquidity, and yield.

##### Pooled Fund Group

“Pooled fund group” means an internally created fund of a district in which one or more institutional accounts of a district are invested.

##### Separately Invested Asset

“Separately invested asset” means an account or fund of a district that is not invested in a pooled fund group.

*Gov't Code 2256.002(6), (9), (12)*

##### Repurchase Agreement

“Repurchase agreement” means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations, described at Obligations of Governmental Entities, below, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. *Gov't Code 2256.011(b)*

##### Hedging

“Hedging” means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

### ***Eligible Entity***

“Eligible entity” means a political subdivision that has:

1. A principal amount of at least \$250 million in outstanding long-term indebtedness, long-term indebtedness proposed to be issued, or a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and
2. Outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

### ***Eligible Project***

“Eligible project” has the meaning assigned by Government Code 1371.001 (regarding issuance of obligations for certain public improvements).

*Gov't Code 2256.0206(a)*

### **Corporate Bond**

“Corporate bond” means a senior secured debt obligation issued by a domestic business entity and rated not lower than “AA-” or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that, on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation, or is an unsecured debt obligation. *Gov't Code 2256.0204(a)*

### **Written Policies**

The board shall adopt by resolution a written investment policy regarding the investment of its funds and funds under its control. The investment policies must primarily emphasize safety of principal and liquidity and must address investment diversification, yield, and maturity and the quality and capability of investment management. The policies must include:

1. A list of the types of authorized investments in which the district’s funds may be invested;
2. The maximum allowable stated maturity of any individual investment owned by the district;
3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;
4. Methods to monitor the market price of investments acquired with public funds;
5. A requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
6. Procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Government Code 2256.021 [see Loss of Required Rating, below].

*Gov't Code 2256.005(a), (b)*

**Annual Review**

The board shall review its investment policy and investment strategies not less than annually. The board shall adopt a written instrument by resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. *Gov't Code 2256.005(e)*

**Annual Audit**

A district shall perform a compliance audit of management controls on investments and adherence to the district's established investment policies. The compliance audit shall be performed in conjunction with the annual financial audit. *Gov't Code 2256.005(m)*

**Investment Strategies**

As an integral part of the investment policy, the board shall adopt a separate written investment strategy for each of the funds or group of funds under the board's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the district;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

*Gov't Code 2256.005(d)*

**Investment Officer**

A district shall designate by resolution one or more officers or employees as investment officer(s) to be responsible for the investment of its funds consistent with the investment policy adopted by the board. If the board has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting board's district. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the board retains the ultimate responsibility as fiduciaries of the assets of the district. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the district. Authority granted to a person to invest the district's funds is effective until rescinded by the district or until termination of the person's employment by a district, or for an investment management firm, until the expiration of the contract with the district. *Gov't Code 2256.005(f)*

A district or investment officer may use the district's employees or the services of a contractor of the district to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. *Gov't Code 2256.003(c)*

## **Investment Training**

### ***Initial***

Within 12 months after taking office or assuming duties, the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a district shall attend at least one training session from an independent source approved by the board or a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

### ***Ongoing***

The treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a district shall attend an investment training session not less than once in a two-year period that begins on the first day of the district's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the board or by a designated investment committee advising the investment officer. *Gov't Code 2256.008(a-1)*

Investment training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act. *Gov't Code 2256.008(c)*

## **Standard of Care**

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following objectives, in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken into consideration:

1. The investment of all funds, or funds under the district's control, over which the officer had responsibility rather than the prudence of a single investment; and
2. Whether the investment decision was consistent with the district's written investment policy.

*Gov't Code 2256.006*

### ***Personal Interest***

A district investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the district shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573 (regarding nepotism prohibition), to an individual seeking to sell an investment to the investment officer's district shall file a statement disclosing that relationship. A required statement must be filed with the board and with the Texas Ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

*Gov't Code 2256.005(i)*

### ***Quarterly Reports***

Not less than quarterly, the investment officer shall prepare and submit to the board a written report of investment transactions for all funds covered by the Public Funds Investment Act for the preceding reporting period. This report shall be presented not less than quarterly to the board and the superintendent within a reasonable time after the end of the period. The report must:

1. Describe in detail the investment position of the district on the date of the report;
2. Be prepared jointly and signed by all district investment officers;
3. Contain a summary statement of each pooled fund group that states the:
  - a. Beginning market value for the reporting period;
  - b. Ending market value for the period; and
  - c. Fully accrued interest for the reporting period;
4. State the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
5. State the maturity date of each separately invested asset that has a maturity date;
6. State the account or fund or pooled group fund in the district for which each individual investment was acquired; and,
7. State the compliance of the investment portfolio of the district as it relates to the investment strategy expressed in the district's investment policy and relevant provisions of the Public Funds Investment Act.

If a district invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the board by that auditor. *Gov't Code 2256.023*



## Selection of Broker

The board or the designated investment committee shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with a district.

*Gov't Code 2256.025*

## Authorized Investments

A board may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with its adopted investment policies and according to the standard of care set out in this policy. *Gov't Code 2256.003(a)*

In the exercise of these powers, the board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under this authority may not be for a term longer than two years. A renewal or extension of the contract must be made by the board by resolution. *Gov't Code 2256.003(b)*

The board may specify in its investment policy that any authorized investment is not suitable. *Gov't Code 2256.005(j)*

## Obligations of Governmental Entities

The following are authorized investments:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
2. Direct obligations of this state or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state, the United States, or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Bonds issued, assumed, or guaranteed by the state of Israel;
7. Interest-bearing banking deposits that are guaranteed or insured by the FDIC or its successor, or the National Credit Union Share Insurance Fund or its successor; and,

8. Interest-bearing banking deposits other than those described at item 7 above if:
  - a. The funds are invested through a broker with a main office or a branch office in this state that the district selects from a list the board or designated investment committee of the district adopts as required at Selection of Broker above or a depository institution with a main office or a branch office in this state and that the district selects;
  - b. The broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the district's account;
  - c. The full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
  - d. The district appoints as the district's custodian of the banking deposits issued for the district's account the depository institution selected as described above, an entity described by Government Code 2257.041(d) (regarding a custodian with which to deposit securities), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating under Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

*Gov't Code 2256.009(a)*

### ***Unauthorized Obligations***

The following investments are not authorized:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years; and
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

*Gov't Code 2256.009(b)*

### **Certificates of Deposit and Share Certificates**

A certificate of deposit or share certificate is an authorized investment if the certificate is issued by a depository institution that has its main office or a branch office in Texas and is:

1. Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
2. Secured by obligations described at Obligations of Governmental Entities, above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities described at Unauthorized Obligations, above; or
3. Secured in accordance with Government Code Chapter 2257 (Public Funds Collateral Act) or in any other manner and amount provided by law for the deposits of the district.

*Gov't Code 2256.010(a)*

In addition to the authority to invest funds in certificates of deposit under the previous section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment:

1. The funds are invested by the district through a broker that has its main office or a branch office in this state and is selected from a list adopted by the district as required at Selection of Broker, above or a depository institution that has its main office or a branch office in this state and that is selected by the district;
2. The broker or depository institution selected by the district arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the district;
3. The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
4. The district appoints the depository institution selected by the district, an entity described by Government Code 2257.041(d) (regarding a custodian with which to deposit securities), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the district with respect to the certificates of deposit issued for the account of the district.

*Gov't Code 2256.010(b)*

The district's investment policies may provide that bids for certificates of deposit be solicited orally, in writing, electronically, or in any combination of those methods. *Gov't Code 2256.005(c)*

#### Repurchase Agreements

A fully collateralized repurchase agreement is an authorized investment if it:

1. Has a defined termination date;
2. Is secured by a combination of cash and obligations described at Obligations of Governmental Entities, above;
3. Requires the securities being purchased by the district or cash held by the district to be pledged to the district, held in the district's name, and deposited at the time the investment is made with the district or a third party selected and approved by the district, and
4. Is placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in Texas.

The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by a district under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

Government Code 1371.059(c) (regarding validity and incontestability of obligations for certain public improvements) applies to the execution of a repurchase agreement by a district.

*Gov't Code 2256.011*

## Securities Lending Program

A securities lending program is an authorized investment if:

1. The value of securities loaned is not less than 100 percent collateralized, including accrued income;
2. A loan allows for termination at any time;
3. A loan is secured by:
  - a. Pledged securities described at Obligations of Governmental Entities, above;
  - b. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state, and continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
  - c. Cash invested in accordance with Government Code 2256.009 (obligations of governmental entities), 2256.013 (commercial paper), 2256.014 (mutual funds), or 2256.01 (investment pools);
4. The terms of a loan require that the securities being held as collateral be pledged to the district, held in the district's name, and deposited at the time the investment is made with the district or with a third party selected by or approved by the district; and
5. A loan is placed through a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003, or a financial institution doing business in this state.

An agreement to lend securities under a securities lending program must have a term of one year or less.

*Gov't Code 2256.0115*

## Banker's Acceptances

A banker's acceptance is an authorized investment if it:

1. Has a stated maturity of 270 days or fewer from the date of issuance;
2. Will be, in accordance with its terms, liquidated in full at maturity;
3. Is eligible for collateral for borrowing from a Federal Reserve Bank; and
4. Is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

*Gov't Code 2256.012*

## Commercial Paper

Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least:

1. Two nationally recognized credit rating agencies; or
2. One nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States law or any state.

*Gov't Code 2256.013*

## **Mutual Funds**

A no-load money market mutual fund is an authorized investment if the mutual fund:

1. Is registered with and regulated by the Securities and Exchange Commission;
2. Provides the district with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
3. Complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

*Gov't Code 2256.014(a)*

In addition to the no-load money market mutual fund authorized above, a no-load mutual fund is an authorized investment if it:

1. Is registered with the Securities and Exchange Commission;
2. Has an average weighted maturity of less than two years; and
3. Either has a duration of less than one year or more and is invested exclusively in obligations approved by the Public Funds Investment Act, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

*Gov't Code 2256.014(b)*

## **Limitations**

A district is not authorized to:

1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Government Code 2256.014(b);
2. Invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Government Code 2256.014(b); or
3. Invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Government Code 2256.014(a) or (b) in an amount that exceeds ten percent of the total assets of the mutual fund.

*Gov't Code 2256.014(c)*

## **Guaranteed Investment Contracts**

A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

1. Has a defined termination date;
2. Is secured by obligations described at Obligations of Governmental Entities, above, excluding those obligations described at Unauthorized Obligations, in an amount at least equal to the amount of bond proceeds invested under the contract; and
3. Is pledged to the district and deposited with the district or with a third party selected and approved by the district.

Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term longer than five years from the date of issuance of the bonds.

To be eligible as an authorized investment:

1. The board must specifically authorize guaranteed investment contracts as eligible investments in the resolution authorizing the issuance of bonds;
2. The district must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;
3. The district must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
4. The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
5. The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

Government Code 1371.059(c) (regarding validity and incontestability of obligations for certain public improvements) applies to the execution of a guaranteed investment contract by a district.  
*Gov't Code 2256.015*

### **Investment Pools**

A district may invest its funds or funds under its control through an eligible investment pool if the board by resolution authorizes the investment in the particular pool. *Gov't Code 2256.016, .019*  
To be eligible to receive funds from and invest funds on behalf of a district, an investment pool must furnish to the investment officer or other authorized representative of the district an offering circular or other similar disclosure instrument that contains the information specified in Government Code 2256.016(b). To maintain eligibility, an investment pool must furnish to the investment officer or other authorized representative investment transaction confirmations and a monthly report that contains the information specified in Government Code 2256.016(c). A district by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds. *Gov't Code 2256.016(b)-(d)*

### **Corporate Bonds**

A district that qualifies as an issuer as defined by Government Code 1371.001 [see CCF], may purchase, sell, and invest its funds and funds under its control in corporate bonds (as defined above) that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

A district is not authorized to:

1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or
2. Invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

A district subject to these provisions may purchase, sell, and invest its funds and funds under its control in corporate bonds if the board:

1. Amends its investment policy to authorize corporate bonds as an eligible investment;
2. Adopts procedures to provide for monitoring rating changes in corporate bonds acquired with public funds and liquidating the investment in corporate bonds; and
3. Identifies the funds eligible to be invested in corporate bonds.

The district investment officer, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

1. Issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated “AA-” or the equivalent at the time the release is issued; or
2. Changes the rating on the corporate bonds to a rating lower than “AA-” or the equivalent.

Corporate bonds are not an eligible investment for a public funds investment pool.

*Gov't Code 2256.0204*

### **Hedging Transactions**

The board of an eligible entity (as defined above) shall establish the entity's policy regarding hedging transactions. An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

Government Code 1371.059(c) (regarding validity and incontestability of obligations for certain public improvements) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

An eligible entity may:

1. Pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.
2. Credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

An eligible entity's cost of or payment under a hedging contract or agreement may be considered an operation and maintenance expense, an acquisition expense, or construction expense of the eligible entity; or a project cost of an eligible project.

*Gov't Code 2256.0206*

## Prohibited Investments

Except as provided by Government Code 2270 (regarding prohibited investments), a district is not required to liquidate investments that were authorized investments at the time of purchase. *Gov't Code 2256.017*

**Note:** As an “investing entity” under Government Code 2270.0001(7)(A), a district must comply with Chapter 2270, including reporting requirements, regarding prohibited investments in scrutinized companies listed by the comptroller in accordance with Government Code 2270.0201.

## Loss of Required Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. A district shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating. *Gov't Code 2256.021*

## Sellers of Investments

A written copy of the investment policy shall be presented to any business organization (as defined below) offering to engage in an investment transaction with a district. The qualified representative of the business organization offering to engage in an investment transaction with a district shall execute a written instrument in a form acceptable to the district and the business organization substantially to the effect that the business organization has:

1. Received and reviewed the district investment policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the district and the organization that are not authorized by the district's investment policy, except to the extent that this authorization:
3.
  - a. Is dependent on an analysis of the makeup of the district's entire portfolio;
  - b. Requires an interpretation of subjective investment standards; or
  - c. Relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.
  - d.

The investment officer of a district may not acquire or otherwise obtain any authorized investment described in the district's investment policy from a business organization that has not delivered to the district the instrument required above.

*Gov't Code 2256.005(k)–(l)*

Nothing in this section relieves the district of the responsibility for monitoring investments made by the district to determine that they are in compliance with the investment policy.



## **Business Organization**

For purposes of the provisions at Sellers of Investments above, “business organization” means an investment pool or investment management firm under contract with a district to invest or manage the district’s investment portfolio that has accepted authority granted by the district under the contract to exercise investment discretion in regard to the district’s funds.

*Gov’t Code 2256.005(k)*

## **Donations**

A gift, devise, or bequest made to a district to provide college scholarships for district graduates may be invested by the board as provided in Property Code 117.004 (Uniform Prudent Investor Act), unless otherwise specifically provided by the terms of the gift, devise, or bequest. *Education Code 45.107*

Investments donated to a district for a particular purpose or under terms of use specified by the donor are not subject to the requirements of the Public Funds Investment Act. *Gov’t Code 2256.004(b)*

## **Electronic Funds Transfer**

A district may use electronic means to transfer or invest all funds collected or controlled by the district. *Gov’t Code 2256.051*

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## **OTHER REVENUES INVESTMENTS CDA LOCAL**

The Superintendent or other person designated by Board resolution shall serve as the investment officer of the District and shall invest District funds as directed by the Board and in accordance with the District's written investment policy and generally accepted accounting procedures. All investment transactions except investment pool funds and mutual funds shall be settled on a delivery versus payment basis.

### **Approved Investment Instruments**

From those investments authorized by law and described further in CDA(LEGAL) under Authorized Investments, the Board shall permit investment of District funds in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools as permitted by Government Code 2256.016.

### **Safety**

The primary goal of the investment program is to ensure safety of principal, to maintain liquidity, and to maximize financial returns within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

### **Investment Management**

In accordance with Government Code 2256.005(b)(3), the quality and capability of investment management for District funds shall be in accordance with the standard of care, investment training, and other requirements set forth in Government Code Chapter 2256.

## **Liquidity and Maturity**

Any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

## **Diversity**

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

## **Monitoring Market Prices**

The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant changes in the market value of the District's investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisers, and representatives/advisers of investment pools or money market funds. Monitoring shall be done monthly or more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

## **Monitoring Rating Changes**

In accordance with Government Code 2256.005(b), the investment officer shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.

## **Funds/Strategies**

Investments of the following fund categories shall be consistent with this policy and in accordance with the applicable strategy defined below. All strategies described below for the investment of a particular fund should be based on an understanding of the suitability of an investment to the financial requirements of the District and consider preservation and safety of principal, liquidity, marketability of an investment if the need arises to liquidate before maturity, diversification of the investment portfolio, and yield.

## **Operating Funds**

Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

### **Agency Funds**

Investment strategies for agency funds shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

### **Debt Service Funds**

Investment strategies for debt service funds shall have as their primary objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

### **Capital Project Funds**

Investment strategies for capital project funds shall have as their primary objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded.

### **Safekeeping and Custody**

The District shall retain clearly marked receipts providing proof of the District's ownership. The District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with District funds by the investment pool.

### **Sellers of Investments**

Prior to handling investments on behalf of the District, a broker/dealer or a qualified representative of a business organization must submit required written documents in accordance with law. [See Sellers of Investments, CDA(LEGAL)]

Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA).

### **Soliciting Bids for CDs**

In order to get the best return on its investments, the District may solicit bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods.

### **Interest Rate Risk**

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification.

The District shall monitor interest rate risk using weighted average maturity and specific identification.

## **Internal Controls**

A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.
7. Avoidance of bearer-form securities.

These controls shall be reviewed by the District's independent auditing firm.

## **Portfolio Report**

In addition to the quarterly report required by law and signed by the District's investment officer, a comprehensive report on the investment program and activity shall be presented annually to the Board.

## **Annual Review**

The Board shall review this investment policy and investment strategies not less than annually and shall document its review in writing, which shall include whether any changes were made to either the investment policy or investment strategies.

## **Annual Audit**

In conjunction with the annual financial audit, the District shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies.





**CONFLICT OF INTEREST QUESTIONNAIRE**  
**For vendor doing business with local governmental entity**

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

**Local Government Code § 176.001(1-a):** "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

**Local Government Code § 176.003(a)(2)(A) and (B):**

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

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(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

**Local Government Code § 176.006(a) and (a-1)**

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.



## **EDGAR Vendor Certification** (2 CFR Part 200 and Appendix II)

When a school district seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200 (sometimes referred to as the “Uniform Guidance” or new “EDGAR”). All vendors submitting proposals must complete this EDGAR Certification Form regarding vendor’s willingness and ability to comply with certain requirements which may be applicable to specific school district purchases using federal grant funds.

For each of the items below, vendor should certify vendor’s agreement and ability to comply, where applicable, by having vendor’s authorized representative complete and initial the applicable boxes and sign the acknowledgment at the end of this form. If you fail to complete any item in this form, the district will consider and may list the vendor’s response as “NO,” the vendor is unable or unwilling to comply. A “NO” response to any of the items may, if applicable, impact the ability of a school district to purchase from the vendor using federal funds.

### **1. Vendor Violation or Breach of Contract Terms:**

Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 USC 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Except as otherwise provided for in these Terms and Conditions, either party may terminate the contract in whole or in part in the event of the other party’s substantial failure to fulfill its obligations under the contract through no fault of the terminating party; provided, however, that the defaulting party is given at least ten (10) business days prior written notice of the default and intent to terminate (delivered by certified mail, return receipt requested, or other method that similarly documents receipt), and a ten (10) business day opportunity to remedy the default to the satisfaction of the terminating party.

North East ISD will not be liable to the vendor for any damages (including, but not limited to, loss of profits or loss of business, or any special, consequential, exemplary, or incidental damages) resulting from termination based on vendor’s default or breach of contract.

If any delay or failure of performance is caused by a Force Majeure, North East ISD may, in its sole discretion, terminate the contract in whole or part, provided such termination complies with the procedures set out above. Any contract termination resulting from any cause other than a Force Majeure event will be deemed valid reason for not considering any future proposals from the defaulting Vendor.

Force Majeure includes, but is not limited to, governmental restraints or decrees, provided they affect all companies in vendor’s industry equally and are not actions taken solely against vendor; acts of God (except natural phenomena, such as rain, wind or flood, which are normally expected in the locale in which performance is to take place); work stoppages due to labor disputes or strikes; fires; explosions; epidemics; riots; war; rebellion; or sabotage.

The remedies under the contract are in addition to any other remedies that may be available under law or in equity. By submitting a proposal, you agree to the vendor violation and breach of contract terms.

### **2. Termination for Cause or Convenience:**

With this paragraph, the school district shall only be required to pay vendor for goods or services delivered to the school district prior to the termination and not otherwise returned in accordance with vendor’s return policy. If the school district has paid vendor for goods or services not yet provided as of the date of termination, vendor shall immediately refund such payment(s).

If an alternate provision for termination of a school district purchase for cause and convenience, including the manner by which it will be affected and the basis for settlement, is included in the school district’s purchase order, or construction contract agreed to by the vendor, this provision shall prevail.

**3. Equal Employment Opportunity:**

Except as otherwise provided under 41 CFR Part 60, all school district purchases or contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 shall be deemed to include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR Part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

The equal opportunity clause provided under 41 CFR 60-1.4(b) is hereby incorporated by reference. Vendor agrees that such provision applies to any school district purchase or contract that meets the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 and vendor agrees that it shall comply with such provision.

**4. Davis-Bacon Act:**

When required by federal program legislation, vendor agrees that, for all school district prime construction contracts/purchases in excess of \$2,000, vendor shall comply with the Davis-Bacon Act (40 USC 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, vendor is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determinate made by the Secretary of Labor. In addition, vendor shall pay wages not less than once a week.

Current prevailing wage determinations issued by the Department of Labor are available at [www.wdol.gov](http://www.wdol.gov). Vendor agrees that, for any purchase to which this requirement applies, the award of the purchase to the vendor is conditioned upon vendor’s acceptance of the wage determination.

Vendor further agrees that it shall also comply with the Copeland “Anti-Kickback” Act (40 USC 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

**5. Contract Work Hours and Safety Standards Act:**

Where applicable, for all school district contracts or purchases in excess of \$100,000 that involve the employment of mechanics or laborers, vendor agrees to comply with 40 USC 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 USC 3702 of the Act, vendor is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 USC 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

**6. Right to Inventions Made Under a Contract or Agreement:**

If the school district’s federal award meets the definition of “funding agreement” under 37 CFR 401.2(a) and the recipient or sub recipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance or experimental, developmental, or research work under that “funding agreement,” the recipient or sub recipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and District Agreements,” and any implementing regulations issued by the awarding agency.

Vendor agrees to comply with the above requirements when applicable.

**7. Clean Air Act and Federal Water Pollution Control Act:**

Clean Air Act (42 USC 7401-7671q.) and the Federal Water Pollution Control Act (33 USC 1251-1387), as amended – contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the

Clean Air Act (42 USC 7401- 7671q.) and the Federal Water Pollution Control Act, as amended (33 USC 1251-1387). Violations must be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

When required, Vendor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

**8. Debarment and Suspension:**

Debarment and Suspension (Executive Orders 12549 and 12689) – A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1966 Comp. p. 189) and 12689 (3 CFR Part 1989 Comp. p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Vendor certifies that vendor is not currently listed on the government-wide exclusions in SAM, is not debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549. Vendor further agrees to immediately notify the district and all school districts with pending purchases or seeking to purchase from vendor if vendor is later listed on the government-wide exclusions in SAM, or is debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549.

**9. Byrd Anti-Lobbying Amendment:**

Byrd Anti-Lobbying Amendment (31 USC 1352) -- Vendors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 USC 1352. Each tier must also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier t tier up to the non-federal award. As applicable, vendor agrees to file all certifications and disclosures required by, and otherwise comply with, the Byrd Anti-Lobbying Amendment (31 USC 1352).

**10. Procurement of Recovered Materials:**

For School district purchases utilizing federal funds, vendor agrees to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act where applicable and provide such information and certifications as a school district may require to confirm estimates and otherwise comply. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery, and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

**11. Profit as a Separate Element of Price:**

For purchases using federal funds in excess of \$150,000, a school district may be required to negotiate profit as a separate element of the price. See, 2 CFR 200.323(b). When required by a school district, vendor agrees to provide information and negotiate with the School district regarding profit as a separate element of the price for a particular purchase. However, vendor agrees that the total price, including profit, charged by vendor to the school district shall not exceed the awarded pricing, including any applicable discount, under Vendor’s District Contract.

**12. General Compliance and Cooperation with school districts:**

In addition to the foregoing specific requirements, vendor agrees, in accepting any purchase order from a school district, it shall make a good faith effort to work with school districts to provide such information and to satisfy such requirements as may apply to a particular school district purchase or purchases including, but not limited to, applicable recordkeeping and record retention requirements.

| Vendor Certification Item No.                                | Vendor Certification:<br>YES, I agree or<br>NO, I do NOT agree | Initial |
|--|--|---------|
| 1. Vendor Violation or Breach of Contract Terms              |  |         |
| 2. Termination for Cause or Convenience                      |  |         |
| 3. Equal Employment Opportunity                              |  |         |
| 4. Davis-Bacon Act   |  |         |
| 5. Contract Work Hours and Safety Standards Act              |  |         |
| 6. Right to Inventions Made Under a Contract or Agreement    |  |         |
| 7. Clean Air Act and Federal Water Pollution Control Act     |  |         |
| 8. Debarment and Suspension                                  |  |         |
| 9. Byrd Anti-Lobbying Amendment                              |  |         |
| 10. Procurement of Recovered Materials                       |  |         |
| 11. Profit as a Separate Element of Price                    |  |         |
| 12. General Compliance and Cooperation with School districts |  |         |

By signature below, I certify that the information in this form is true, complete, and accurate and that I am authorized by my company to make this certification and all consents and agreements contained herein.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Signature of Authorized Company Official

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Printed Name

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