



NOTICE TO QUALIFIED FINANCIAL INSTITUTIONS

The Brandywine Heights Area School District (BHASD) is soliciting proposals for Financial Services from qualified financial institutions.

Submission deadline: 2:00 p.m. on the 1st day of May, 2017. Location for submission of proposals:

Brandywine Heights Area School District
Attn: Brian Pawling, Business Manager
200 W. Weis St.
Topton, PA 19562

Financial Services Request for Proposal (RFP) Instructions: Proposal will be available for download on Tuesday, April 4th, 2017 on the Business Office page of the Brandywine Heights Area School District website at the following link:

<http://www.bhasd.org/departments/business-office/>

Any questions related to the proposal should be forwarded in writing to Mr. Brian Pawling, Business Manager, bripaw@bhasd.org. A running list of questions and answers will be kept on the District website under the Business Office page at the link listed in the previous paragraph.

All interested providers must attend a pre-submission meeting held at Brandywine Heights Area School District, 200 W. Weis St., Topton, PA 19562, on Wednesday, April 19th, 2017, at 10:00 a.m. Providers must identify clarifications or corrections for discrepancies and omissions in the RFP document or process at this meeting.

Project Notice:

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

The Brandywine Heights Area School District reserves the right to reject any or all proposals or to waive any irregularities or informalities in any proposal.

No proposal may be withdrawn for a period of ninety (90) days after the date set for the opening of proposals.

**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
FINANCIAL SERVICES REQUEST FOR PROPOSAL**

I. RFP PROCESS AND FINANCIAL SERVICES OVERVIEW

A. Background and Objectives

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

The District operates its education, school nutrition, trust & scholarship, student activity, and construction programs primarily funded by the District, the Commonwealth of Pennsylvania, and the Federal government. In all, the District has operating revenues in excess of \$30 million and employs approximately 220 full time and part time individuals.

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

An important aspect of this proposal is to obtain market rates of interest on all funds held in our accounts with limited associated risks. The District is both authorized and limited to the investment of excess funds by the Pennsylvania School Code. Also, the School Code allows the Board of School Directors to authorize the collateralization of our funds to be pooled with the collateral of other public bodies in accordance with Act 72 of 1971 and the United States Circular No. 92. The District expects that all funds in excess of the FDIC insurance level will be collateralized in accordance with Act 72, and further stipulates that the collateral consist of either full faith and credit obligations of the United States Government or fixed rate obligations of agencies or instrumentalities of the United States Government. The District's intent is to specifically exclude both municipal securities and corporate securities from the collateral pool, even though these securities may be otherwise eligible as collateral by either Act 72 or by Circular 92. The District's School Board Policy 609 "Investment of District Funds" is provided as Attachment D for reference. The District is limited in its Act 10 allowable investments as listed in Board Policy 609 and should be reviewed prior to submission.

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

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B. Length of Agreement

The District is interested in establishing a stable relationship with the awarded vendor. To do this, the District would like to develop an agreement with an original term of three (3) years with an automatic option to renew for additional years. After the initial three years, fees can be renegotiated should this be deemed necessary with a negotiated maximum increase not to exceed 3% per year.

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

C. Selection Criteria

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

- Creditworthiness – 10 points
- Investment of funds – 10 points
- Cost and flexibility of services – 25 points
- Ability to provide services efficiently and effectively through automation – 5 points
- Funds deposited and collateralized in accordance with all Federal, State and Local Laws, and in accordance with the further limitations in this request as they relate to collateralization requirements – 10 points
- References from other governmental clients (specifically addressing customer service) – 10 points
- Bank branch(s) proximity to District Office (All financial institutions submitting proposals for the local deposit services must detail how local banking services can be facilitated if they do not have a branch located within the District's border) – 10 points
- Interest rate and/or earnings credit rate paid on all time deposit accounts – 20 points

D. Terms and Conditions

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

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

- Reserves the right to reject any or all proposals.
- Reserves the right to waive any irregularities or informalities and select the best proposal in the opinion of the District.
- The District is not required to select the vendor that scores the highest on the proposal rubric.
- May render the bid invalid due to unauthorized modifications of bid specification forms or terms.

E. Instructions for Submission of Applications

- Submission deadline: 2:00 p.m. of the 1st day of May, 2017. Location for submission of proposals:

Brandywine Heights Area School District
Attn: Brian Pawling, Business Manager
200 W. Weis St.
Topton, PA 19562

A provider must submit an original and six (6) copies of the application in a sealed envelope, clearly marked "BHASD Financial Services RFP." Late applications will not be evaluated.

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

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F. Schedule

1. Pre-submission Meeting: April 19, 2017 at 10:00 a.m.
2. Proposals received by Brandywine Heights Area School District: May 1, 2017, at 2:00 p.m.
3. Award announcement: approximately June 5, 2017 through June 19, 2017
4. Contract review and execution: June 20 through August 31, 2017
5. Contract Start Date – September 1, 2017 (date may be adjusted by District as needed)

G. Directions for Completion of Application

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

II. SCOPE OF FINANCIAL SERVICES

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

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

The services are organized based on the following categories:

- Collection Services
- Disbursement Services
- Investment Services
- Reporting

The District prefers to have a local financial partner to accept daily deposits and transactions but understands that there may be limited options available for this. If a branch is not located within the border of the District please detail in your submission how you would facilitate deposits of checks and cash including but not limited to remote check scanners and courier services.

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

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A. Collection Services

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

Wire Transfers In:

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

ACH Deposits:

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

Over the Counter Deposits:

The District provides various educational services for which cash and checks are received for payment. A staff member prepares and deposits these funds as needed. The District prefers to deliver the prepared deposits to the bank for processing but may require remote check scanners and/or pick-up via courier service.

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

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

Remote Deposit Services:

The District is interested in utilizing remote deposit scanners to process check deposits. Please provide a proposal for check scanners to be provided to the District business office, District high school, and to each of our four tax collectors to scan checks to the bank for deposit.

Lockbox Services:

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

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B. Disbursement Services

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

Wire Transfers

Wire transfers are initiated by the District to transfer funds from our financial accounts to other financial institutions for investment and debt service purposes.

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

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

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

Direct Debits

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

Automatic Clearing House (ACH) Payments

The District currently pays some accounts payable vendors via ACH. Information is submitted electronically to our financial institution for processing next day for files sent before 5:00 p.m. local time.

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

Direct Deposit ACH

The District mandates direct deposit for all employees. Payroll checks are only issued for the first two pays to new employees and for employees that change banking information. Information is submitted electronically to our financial institution for processing two (2) business days prior to the transfer date.

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

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

Sweep/Zero-Balance Account

Currently, the District uses the zero-balance account structure for its accounts payable and payroll accounts.

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

Controlled Disbursement Account

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

Account Reconciliation Service

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

Procurement Card Services

The District currently has VISA procurement cards that it uses to pay vendors for small transactions. The approximate spend per fiscal year for this program is \$40,000. Please provide details of your procurement card services along with a rebate schedule and fee structure for using these cards. Also provide any rebates that may apply to accounts payable transactions that can be paid through the VISA (or equivalent) payment network via a file upload to the bank.

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C. Investment Services

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

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

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

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

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D. Reporting

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

The District requires daily access to bank transactions via the internet. This access must allow for the reporting of daily bank activity. Available information must include reporting on bank activity starting with the prior day activity and going back at least 18 months.

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

III. BANK CREDIT EVALUATION

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

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

IV. BANKING SERVICE FEES

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

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

**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
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**ATTACHMENT A
APPLICANT CONTACT INFORMATION**

NAME OF BANK: _____

CONTACT PERSON: _____

STREET ADDRESS: _____

CITY/STATE/ZIP: _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

WEBSITE ADDRESS: _____

FAX NUMBER: _____

**ALL PROPOSALS MUST BE RECEIVED BY THE BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
BY 2:00 P.M. ON THE 1ST DAY OF MAY , 2017. Location for submission of proposals:**

**Brian Pawling, Business Manager
Brandywine Heights Area School District
200 W. Weis St.
Topton, PA 19562
bripaw@bhasd.org
www.bhasd.org**

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**ATTACHMENT B
PROPOSED FEE SCHEDULE**

	Annual Units	Unit Cost	Annual Cost			Annual Units	Unit Cost	Annual Cost
CHECKING ACCOUNTS					ACCOUNT RECONCILIATION			
# of Accounts	10				# of Accounts			
Zero Balanced Accounts	2				# of Items			
FDIC Insurance costs					Data Transmission			
Additional Charges:					Additional Charges:			
COLLECTION SYSTEM					DIRECT DEPOSIT PAYROLL			
<i>Deposits</i>	1127				Monthly Maintenance			
<i>Return Deposited items (NSF)</i>	3				# of Files Transmitted	26		
Wire transfer In	35				# of Items transmitted per file	236		
ACH Credits	452				Additional Charges:			
Deposit slips	1127							
Deposit bags					SAFETY DEPOSIT BOX			
Additional Charges:					Safety Deposit Box			
DISBURSEMENT SYSTEM					LOCKBOX SERVICES			
Checks paid	2674				Monthly Maintenance			
Stop Payments	0				# of Items Processed			
Overdrafts	0				Check Photocopying			
Wire transfer Out	1				Data Transmission			
Cost of check stock					Keystroke Output			
ACH Items – Debits	352				Walk in bill payment			
Additional Charges:					Additional Charges:			
FRAUD PROTECTION					ELECTRONIC REPORTING			
# of Accounts	10				# of Accounts	10		
# of Items Processed	2674				Balance/Transaction Inquiry			
# of Files Issued					Other:			
Positive Pay transactions	2674							

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**ATTACHMENT C
ADDITIONAL INFORMATION TO BE PROVIDED**

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

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9. Credit criteria:

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

Each financial institution will submit with its proposal the following statistics based on information contained in the FFIEC Uniform Bank Performance Reports, or in similar reports for calendar years 2013, 2014, 2015, and 2016 (if available) and based upon Federal Reserve Bank definitions:

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

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

Each financial institution will disclose whether it has ever been under management supervision of the resolution trust corporation, FDIC, Federal Savings & Loan Insurance Corporation, Federal Home Loan Bank board, or other similar current or former Federal or State regulatory agencies.

As of January 1, 2018, and thereafter, each bidder will disclose whether it was acquired, did acquire or will be acquired or acquiring another financial institution (if so, specify the institution, date of acquisition, and amount of assets acquired).

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

10. Please provide a service fees summary

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

11. Using the service fees summary, prepare the calculation of the compensating balance. Also, provide your policies relating to the evaluation of this established balance.

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12. Explain the calculation of the earnings credit rate, and provide monthly earnings credit rate history for January 1, 2016 through December 31, 2016, and basis of rate. Please list the index by which the earnings credit rate will be benchmarked. (Example: federal funds rate plus 50 basis points, 90 day treasury rate plus 50 basis points)

13. Provide monthly history of interest rates applied to checking account balances for the period January 1, 2016 through December 31, 2016. If your financial institution uses sweep investment funds, provide monthly averages for the same period and indicate all fees assessed for investment sweep.

14. Describe your customer service philosophy, standards, and structure and how they will be provided to the District. Include the contact information for the dedicated customer service representative(s) for the District.

15. Describe any incentives offered by your financial institution to District employees for direct deposit pay, as well as any other services and / or benefits offered to the District under this proposal.

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ATTACHMENT D – SCHOOL BOARD POLICY 609

Book: BHASD Policies
Section: 600 Finances
Title: Investment of District Funds
Number: 609
Status: Active
Adopted: June 28, 2004
Last Revised: October 3, 2016

Purpose

It shall be the policy of the Board to optimize its return on funds available for investment through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments consistent with the following principles:

Legality - All investments shall be made in accordance with applicable laws of Pennsylvania.

Safety – Preservation of principal shall be of highest priority. Preservation of principal in the portfolio of investments shall be ensured by diversification and other means of minimizing risk and by thoroughly investigating and reviewing the performance of all investment providers and professionals.

Liquidity - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated.

Yield - Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account risk constraints and liquidity needs.

Authority

The Business Manager shall implement the school district's investment program in accordance with this policy and applicable laws.[\[1\]\[2\]\[3\]\[4\]\[5\]\[6\]](#)

Definitions

Act 10 Permissible Investments – Any type of investment permitted under Act 10 of March 25, 2016, (53 P.S. Sec. 5406, 5410.1) that is not among the types of investments permitted under Section 440.1 of the Public School Code of 1949, Act of March 10, 1949, (P.L. 30, No. 14) as last amended by the Act of June 30, 1995, (P.L. 220, No. 26).[\[1\]\[5\]\[6\]](#)

School Code Permissible Investments – Any investment permitted under Section 440.1 of the Public School Code of 1949, Act of March 10, 1949, (P.L. 30, No. 14) as last amended by the Act of June 30, 1995, (P.L. 220, No. 26).[\[1\]](#)

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Short-term – Any period twelve (12) months or less.

Long-term – Any period exceeding forty-eight (48) months.

Mid-range – Any period between short-term and long-term.

Collateral – Security pledged by a financial institution to a governmental entity for its deposit.

Issuer – The entity that has the authority to distribute a security or other investment. A bond issuer is the entity that is legally obligated to make principal and interest payments to bond holders. In the case of mutual funds, external investment pools, and other pooled investments, issuer refers to the entity invested in, not the investment company-manager or pool sponsor.

Local Government Investment Pool (LGIP) – An investment trust or pool organized by groups of political subdivisions or municipal authorities pursuant to Section 521 of the Public School Code of 1949, or pursuant to the Intergovernmental Cooperation Law, 53 Pa. C.S.A. Sec. 2301 et seq., for the purpose of investing funds of such political subdivisions or municipal authorities for their exclusive benefit and in accordance with the laws governing their permissible investments. LGIPs include, but are not limited to, the Pennsylvania School District Liquid Asset Fund (PSDLAF), the Pennsylvania Local Government Investment Trust (PLGIT), and for purposes of this policy, the PA INVEST program operated by the Pennsylvania Treasury Department.[\[7\]](#)

Weighted average maturity – A weighted average maturity measure expresses investment time horizons—the time when investments become due and payable—in years or months, weighted to reflect the dollar size of individual investments within an investment type.

Delegation of Responsibility

The Board shall designate the Business Manager to implement the school district’s investment program in accordance with this policy, related procedures, and applicable laws.[\[1\]](#)

The Business Manager shall report monthly to the Board the following: [\[1\]\[8\]](#)

1. Amount of funds invested.
2. Interest earned and received to date.
3. Types and amounts of each investment and the interest rate on each.
4. Names of the institutions where investments are placed.
5. The means by which any deposits exceeding insurance limits are collateralized.
6. Other information required by the Board.

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This report may, but is not required to, include the information regarding depository balances, earnings and transactions required by the School Code to be reported to the Board monthly as set forth in Policy 608.[10][9]

Guidelines

Investments permitted by this policy are those defined in law and enumerated in this policy that are appropriately collateralized in accordance with this policy and applicable laws. [1]

School Code Permissible Investments

1. United States Treasury bills.
2. Short-term obligations of the United States Government or its agencies or instrumentalities.
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
4. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
5. Local Government Investment Pools (LGIPs) as defined in this policy.

Act 10 Permissible Investments

1. Obligations, participations or other instruments of any federal agency, instrumentality or U.S. government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent by at least two (2) nationally recognized statistical ratings organizations.

Management of Investments and Collateral

All securities or other investments in which the school district invests or that collateralize school district investments shall be managed as provided in this policy and in the school district's investment plan annually approved by the Board. [1]

If, after purchase, the rating of any instrument is reduced and no longer in compliance with Board policy, the Business Manager shall replace the investment immediately upon

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receipt of notice of the rating change and notify the Board of the rating change, action taken and replacement investment.

The foregoing rating change related requirement(s) do(es) not apply to investments in LGIPs as defined in this policy.

For purposes of interest rate disclosure in the annual financial report, the method of determining interest rate risk shall be based on weighted average maturity.

Foreign Currency and Related Risk

District funds shall not be invested in foreign currency. To the extent other permissible investments are exposed to related foreign currency risk, they shall be disclosed as required by GASB Statement 40.

Bond Proceeds

Investment of bond proceeds shall be managed and reported to the Board in accordance with the Local Government Unit Debt Act, this policy, and applicable federal and state laws.[\[11\]](#)

Protection of Savings Accounts, Time Deposits, Share Accounts or Other Depository Balances in Excess of FDIC Insurance Limits

When district cash is deposited in any savings account, time deposit, share account or other authorized depository account other than a Local Government Investment Pool (LGIP), if the cash balance exceeds FDIC insurance limits, district funds shall be collateralized in one or more of the following ways:[\[1\]\[8\]](#)

1. An Irrevocable Letter of Credit (LOC) issued by a Federal Home Loan Bank (FHLB).
2. Tri-Party Collateral in the name of the school district consisting of the following underlying securities only:
 - a. U.S. Treasury Securities.
 - b. Obligations, participations or other instruments of any federal agency, instrumentality or U.S. government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent by at least two (2) nationally recognized statistical ratings organizations.
3. Assets pledged as collateral in accordance with the act of August 6, 1971, (P.L. 281, No.72), 72 P.S. Sec. 3836-1 et seq. (relating to pledges of assets to secure deposits of public funds, whether or not pooled).[\[8\]](#)

It shall be the responsibility of the Business Manager to verify with the depository the value of the collateral instrument(s) based on the instrument being "marked to market." This valuation shall occur at least monthly.

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Following a review of valuation, the Business Manager may request an additional review by the district's investment advisors or financial consultant, and shall require additional collateral if the existing collateral has declined in value and exposes the district to potential loss of principal. The status of the valuation review and any additional collateral shall be included in the periodic reports to the Board regarding the investment program.

Reporting Requirement for Local Government Investment Pools (LGIPs)

Local Government Investment Pools (LGIPs) pool the resources of participating government entities and invest in various securities as permitted under state law, so that participating governments can benefit from economies of scale, professional fund management and other advantages.

Recognizing that LGIPs invest directly in permissible securities on behalf of the participating government entities, which in turn have proportional ownership rights in those securities, district investments in a LGIP shall not be subject to the collateral requirements of this policy, provided that the LGIP:

1. Makes available to participants daily and monthly statements, and other information from which the status of the investments can be verified; and
2. Provides an audited annual financial report to each participating government entity.

Further Risk Mitigation for Act 10 Permissible Investments

Recognizing that Act 10 of 2016 expanded the range of permissible investments to include investments with the potential to expose the school district to elevated levels of credit risk and other investment risks, the Board directs that any investment plan or investment recommendations proposed by the Business Manager take into account, implement and highlight the following factors and precautions with respect to Act 10 Permissible Investments:

1. It cannot be assumed that negotiable certificates of deposit are collateralized.
2. A significantly more thorough level of due diligence is required.
3. In addition to verification of rating by a nationally recognized statistical rating organization and other due diligence requirements, the investigation of Act 10 Permissible Investments shall include ensuring that there is an independent credit review (a qualified financial services organization with an active and recognized credit analysis team is also monitoring the issuer, in addition to the nationally recognized statistical rating organization(s)).
4. Act 10 Permissible Investments shall be limited to no more than ten percent (10%) of district funds available for investment, excluding bond proceeds and refunding escrow balances.

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Audit

The Board directs that all investment records be subject to annual audit by the district's independent auditors.[12]

The audit shall include but not be limited to independent verification of amounts and records of all transactions, as deemed necessary by the independent auditors.

Conflict of Interest Avoidance and Disclosure

The Business Manager and any other district employee performing functions related to the investment program shall disclose in writing to the Board any material conflict of interest or material potential conflict of interest which exists because of personal relationships or personal business activity between the Business Manager or other employees and any depository institution, broker, dealer, investment advisor, or other investment provider or professional serving the district. The Business Manager or other employees shall refrain from any personal business activity that could impair ability to make impartial decisions in managing the annual investment plan.[13]

All depository institutions, repurchase agreement providers, brokers, and investment advisors and managers shall disclose in writing to the district: (1) any fees or other compensation paid to or received from a third party with respect to any district investment; and (2) any ownership of or by a parent corporation which owns any other depository institution, broker, dealer, investment advisor, or other investment provider or professional which does business with the district.

All investment advisors shall verify in writing that they have received and reviewed a copy of this Board policy and agree to comply with this policy and all applicable laws related to school district investments.

PSBA Revision 5/16 © 2016 PSBA

Legal

1. 24 P.S. 440.1

2. 24 P.S. 621

3. 24 P.S. 622

4. 24 P.S. 623

5. 53 P.S. 5406

6. 53 P.S. 5410.1

7. 24 P.S. 521

8. 72 P.S. 3836-1 et seq

9. 24 P.S. 624

10. Pol. 608

11. 53 Pa. C.S.A. 8001 et seq

12. Pol. 619

13. 65 Pa. C.S.A. 1101 et seq

24 P.S. 218

Governmental Accounting Standards Board, Statement No. 3 (amended by Statement 40)

Governmental Accounting Standards Board, Statement No. 40

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ATTACHMENT E - CERTIFICATION OF PROPOSAL DOCUMENTS

The provider certifies by signing this document that they:

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

Company Name _____

Signature _____

Printed Name _____

Title _____

Date _____

Brandywine Heights Area School District
Average Cash Balances - January 2016 to December 2016

Fund	Description	January	February	March	April	May	June	July
10	General Fund - Oper.	\$8,885,219	\$7,342,134	\$5,640,874	\$4,339,888	\$2,786,866	\$2,801,652	\$1,194,391
10	General Fund - Invest.	\$9,526,279	\$9,529,180	\$9,535,796	\$9,537,396	\$9,539,202	\$8,940,553	\$8,942,029
30	Construction Fund	\$0	\$0	\$0	\$165,272	\$165,306	\$165,342	\$843,786
50	Food Service Fund	\$175,718	\$203,147	\$228,495	\$243,846	\$293,722	\$74,861	\$58,241
71	Trust Fund	\$15,436	\$15,439	\$14,942	\$25,545	\$26,325	\$23,476	\$20,381
81	Student Activity Fund	\$136,711	\$133,737	\$144,953	\$166,380	\$140,396	\$125,588	\$119,896
	Total	\$18,739,363	\$17,223,637	\$15,565,060	\$14,478,327	\$12,951,817	\$12,131,472	\$11,178,724

		August	September	October	November	December	Average
10	General Fund - Oper.	\$5,816,391	\$13,205,661	\$5,420,335	\$4,822,375	\$2,413,211	\$5,389,083
10	General Fund - Invest.	\$8,948,480	\$8,949,913	\$16,951,385	\$16,955,033	\$18,883,040	\$11,353,191
30	Construction Fund	\$506,839	\$268,650	\$128,595	\$46,618	\$46,632	\$194,753
50	Food Service Fund	\$61,498	\$68,548	\$104,862	\$108,163	\$134,976	\$146,340
71	Trust Fund	\$17,386	\$14,664	\$14,367	\$14,371	\$14,375	\$18,059
81	Student Activity Fund	\$108,052	\$105,880	\$125,025	\$144,860	\$146,171	\$133,137
	Total	\$15,458,646	\$22,613,316	\$22,744,569	\$22,091,420	\$21,638,405	

**Brandywine Heights Area School District
Current Account and Transaction Summary
Calendar Year 2016**

2016	TOTALS	Bank 1					Bank 2				
		General Fund-Sweep	GF-Payroll	GF-Operating	Food Service	Student Activities	General Fund	GF-Athletics	Construction	Food Service	Trust Account
Wire Transfers In	35	15					20				
Interfund Account Transfers	23	14			14		9	5	2	2	
Deposits	1127	232			576	297	14			8	
ACH Credits	452	75			287	1	71		18		
Return Deposits	3	1			2						
Checks Paid	2674		182	1575	172	369		324		52	
ACH Debits	352	209				2	141				
Wire Transfer Out	1	1									