

**BETHPAGE UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

**REQUEST FOR PROPOSALS
TO FINANCE AN ENERGY PERFORMANCE CONTRACT**

Overview

The Bethpage Union Free School District, Nassau County, New York (the "District"), is seeking proposals (the "Proposal") from qualified respondents to be a third party lessor to a lease purchase agreement with the District (the "Lease"), the proceeds of which will be used to finance equipment and related work for the implementation of energy conservation measures pursuant to an energy performance contract between the District and Johnson Controls, Inc. (the "Performance Contract"). The Performance Contract with Johnson Controls, Inc. was executed in May 2017 and amended in April 2019. NYSED approval was granted in April 2019. The District's building aid ratio is approximately 29%

The District seeks competitive proposals for a \$2,711,148 lease-purchase on the basis of a 15-year term with maturity on October 1, 2034.

Project Description

The Project contemplates implementation of various energy saving measures including installation of equipment and related work (the "Equipment"). Energy conservation measures are to be installed in the following District buildings: Bethpage High School, JFK Middle School, Charles Campagne Elementary School, Central Boulevard Elementary School, Kramer Lane Elementary School and the Administration Building. The energy conservation measures and related work to be financed are set forth below.

Equipment Measures by Category	Project Cost
Lighting - Interior Lighting With Ceiling Replacement	\$658,902
Lighting - Exterior Lighting	144,249
Energy Management System	300,493
Energy Management System - Exhaust Fan/Relief Damper Control	236,068
Energy Management System - Optimal Start	14,292
Heating Distribution System - Pipe and Valve Insulation	69,012
Motors-Replacements	9,528
Plug Load Controllers	116,311
Unit Ventilators - Refurbishment	348,270
Air Conditioning Compressor Controllers	18,743
Refrigeration Compressor Controllers	6,493
Refrigeration Equipment Upgrades	142,923
Project Management, SED Submission, Energy Engineering, General Conditions	516,761
Arch./Engineering Fees	<u>129,102</u>
Total:	<u>\$2,711,148</u>

Lease

Any proposed Lease shall define the purpose and objective of the financing and the rights and obligations of each party to the financing. Further, the Lease will specify the applicable interest rate, as well as standard contractual terms and conditions. The form of the lease purchase agreement, and any related documents must be submitted with the proposal. Proposers must satisfy themselves that credit approval will be granted prior to submitting a proposal. All finance documents are subject to negotiation and modification by the District's counsel. All agreements and contractual conditions are required to conform with the laws of the State of New York, including but not limited to New York General Municipal Law, Local Finance Law, Education Law, Energy Law and the regulations of the New York State Education Department, the Commissioner of Education and the Office of the New York State Comptroller. The District's attorneys will review and approve all documents before consideration and/or approval by the Board of Education.

Lessor will be required to provide a form of standard lease purchase agreement and escrow agreement with proposal.

Lease Assignment

Assignment of the Lease and related documents by the successful proposer shall be subject to the prior, written consent of the District. The Lease must state that any assignment or transfer of the Lessor's interest shall not be effective until the District has received prior, written notice, signed by the Lessor, of the name, contact person, address, telephone number and tax identification number of the proposed assignee and the District has given its consent in writing. No assignment will be valid unless the Lessor has received the District's prior, written consent.

Amount

The amount to be financed under the Lease is \$2,711,148. Lessor shall be responsible for all fees of Lessor including legal, issuance, origination, commitment and closing costs. The District shall not incur or absorb any fees of Lessor related to Lessor's proposal, negotiations, closing or other activities related to this RFP or the proposed transaction. In the event that a transaction does not close because of the successful proposer's failure to meet the terms of this RFP, the successful proposer shall be responsible for any and all costs incurred by the District in connection with the failed transaction and its negotiation.

Specifications

Interest Rate The Lease Proposal must provide interest rate terms for a lease-purchase option to mature on October 1, 2034 and shall state the interest rates under any options at which the proposing firm will provide the District with financing under the Lease. The Proposal must also cite the index and margin used in establishing the interest rates cited.

Prepayment: The Proposal must state that District will have the right, at its option, to prepay the principal portion outstanding on the Lease, in whole or in part, at any time following 30 days written notice to the Lessor. The Proposal must disclose additional fees and terms, if any, that are required upon the execution of this prepayment right, in addition to interest payable. The Proposal must also disclose how such amounts are to be calculated in the event that the District exercises its right of partial or whole prepayment. The proposal shall include an option to prepay without penalty.

Lease Payments The District will make periodic payments to the Lessor under the Lease. The Lease shall separately state the principal and interest component of the periodic payments to be made thereunder. The total of these payments, which include both principal and interest components made by the District each year throughout the term of the Lease, shall result in substantially level or declining annual debt service (without taking into account projected State aid or annual energy savings). Debt service payments shall be detailed in an amortization schedule prepared by the proposer and provided to the District with its Proposal. For illustrative purposes, please assume a closing date of October 1, 2019 when developing an amortization schedule. Thereafter, debt service payments will be made semiannually in arrears on each April 1st and October 1st with the first debt service payment to be due on October 1, 2020. Lessor shall provide a statement and thirty days notification prior to each payment due date.

The Proposal must state that the interest rate and other terms cited in the proposal will be good through October 8, 2019. The Lease shall not become effective until the delivery of funds.

Term The Lease-Purchase Agreement is scheduled to close on October 1, 2019 and mature on October 1, 2034.

Escrow Upon closing, it is anticipated that lease proceeds will be deposited in an escrow account to be utilized over the course of project construction (the "Project Fund"). The escrow provider must be a bank or trust company located and authorized to do business in New York State (the "Escrow Agent"). Investment and collateralization of the moneys in such fund will be solely at the direction of the District and must be in compliance with the New York State General Municipal Law Sections 10 and 11 as well as District investment policy. ***A copy of the District's Investment Policy is attached to this RFP.*** The Escrow Agent shall be an agent of the District. The Project Fund shall be free of any security interest of the Escrow Agent.

1. At the option of the District, the moneys in the Project Fund may be held uninvested in the Project Fund. If invested, the Escrow Agent shall invest amounts on deposit in the Project Fund solely at the written direction of an Authorized Officer of the District. All investments made shall be subject to the following conditions:

- (a) Such obligations shall be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Any obligation that provides for the adjustment of its interest rate on set dates shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the principal amount can be recovered through demand by the holder thereof.
 - (b) Such obligations, shall be registered or inscribed in the name of the District and shall be purchased through, delivered to and held in the custody of the Escrow Agent. Such obligations shall be purchased, sold or presented for redemption or payment by such Escrow Agent in obligations only in accordance with prior written authorization from an Authorized Officer. All such transactions shall be confirmed in writing to the District by the Escrow Agent.
2. All investments described above shall be made and ownership recorded in accordance with all applicable requirements of Section 10 and Section 11 of the General Municipal Law, including the required collateralization of escrow funds.
3. The Escrow Agent will expressly acknowledge that the Lessee is not authorized to invest in mutual funds registered with the Securities Act of 1933, as amended and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, including no-load money market mutual funds limited to investments in obligations of or guaranteed by the United States of America or in obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, or any similar mutual fund or other money market or liquid deposit investment vehicles.
4. Monies and investments in the Escrow Fund shall not be subject to levy, attachment or lien by or for the benefit of the Escrow Agent, or any creditor thereof.

Excess Proceeds In the event that there are excess proceeds available in the Project Fund at the end of the construction period, proceeds shall be transferred by the Escrow Agent to the Lessor and applied to the next succeeding lease payment and each lease payment thereafter until fully utilized. Such use of funds will not constitute lease prepayment and will not be subject to administrative fees or charges.

UCC Filing The District will not provide a legal description for each District property in connection with this financing. In the event the winning proposer requires this information for the purposes of making a fixture filing pursuant to the applicable provisions of the Uniform Commercial Code, the winning proposer shall obtain such information at its own effort and expense.

Warranties All manufacturers' warranties, expressed or implied with respect to the Equipment acquired shall be assigned by the Lessor to the District.

Annual Appropriation The District's obligation to make lease payments is subject to appropriation each year by the Board of Education of the District.

Non-Funding/Executory Clause Pursuant to the General Municipal Law §109-b, and the Energy Law §9-103, the Lease-Purchase Agreement shall contain an executory clause which shall state that should payments not be appropriated by the District in any fiscal year; the District will not be obligated to pay the amounts due beyond the end of the last funded fiscal year and no liability on account thereof shall be incurred by the District beyond the amount of such monies. The financing contract is not a general obligation of the District. Neither the faith and credit nor the taxing powers of the District are pledged to the payment of any amount due or to become due under the financing contract. In the case of a failure to appropriate, the sole security under the Lease shall be the Equipment. Prior to the sale or seizure of such equipment, the District shall be provided adequate written notice, no less than ninety (90) days, to cure any default. Should such a sale or seizure take place there shall be no disruption

to the District's operation to the extent possible. Any such sale or seizure must be conducted in conformity with all applicable law, including the New York Uniform Commercial Code.

Financing Documents Upon submission of the proposal and following notification of the award, the prospective Lessor must provide the District with a draft of its proposed financing documents, which will incorporate proposed terms and append sample documents provided with submission. Proposed financing documents and notification of credit approval for the transaction will be due no later than **August 27, 2019**. All financing documents are subject to modification by District counsel. Closing is subject to successful negotiation and approval of all documents by counsel to the District. The District reserves the right to rescind any award due to failure of successful negotiation of the parties to agree to the terms and conditions thereof and to recover its costs in connection therewith. Closing is subject to final approval by the District Board of Education by resolution. Unless otherwise provided by a duly adopted Resolution of the Board of Education, the prospective Lessor is advised that the President of the Board of Education is the sole authorized representative of the District for the purpose of signing financing documents.

Lease Termination Upon termination of a Lease through exercise of Lessee's option to prepay or through payment by Lessee of all Rental Payments and other amounts due with respect to such particular Equipment, Lessor's security interest in such Equipment shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the termination of Lessor's security interest in such Equipment.

Tax Status The Lease shall qualify as a tax-exempt lease financing, that is, the interest component of the Lease will be exempt from Federal, New York State and, where applicable, New York City taxation. The Lease-Purchase Agreement will be designated as "bank qualified" pursuant to Section 265(b)(3) of the Internal Revenue Code. The District will not defend or hold the Lessor harmless from any adverse changes in the tax status of the transaction, after tax yield or cash flows resulting from changes in the Federal or State tax codes or regulations.

Credit Rating Moody's Investors Service, Inc. currently maintains a "Aa2" rating on the District's outstanding general obligation debt. The District will not seek a rating for the Lease.

Binding Authority Each Proposal must be signed by an individual who is legally authorized to contractually bind the proposing firm.

Purchase Price and Certificate The Lessor must submit to the District a certificate (the "Issue Price Certificate"), satisfactory to Bond Counsel, prior to the delivery of the Agreement, assuming the Lessor does not reoffer the Agreement to the general public, which states that the Lessor has purchased the Agreement for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary, and the price or prices at which such purchase was made, in such form and including such additional information as the District and Bond Counsel shall reasonably require.

Financial Information Links to select credit and project information may be found as follows:

- Link to Energy Performance Contract and Amendment between the District and Johnson Controls, Inc. dated April 2019: <http://www.capmark.org/RFPs.html>
- Link to Preliminary Official Statement issued in conjunction with the District's \$4,565,000 School District Refunding Serial Bonds-2019: <https://emma.msrb.org/ES1413580.pdf>
- Link to 2019-2020 Budget Information: http://www.bethpagecommunity.com/Assets/District_Documents/Proposed_Budget_2019-20.pdf?t=636928508123830000
- Link to FYE 6/30/2018 Audit: <https://emma.msrb.org/ER1323378.pdf>
- Link to FYE 6/30/2017 Audit: <https://emma.msrb.org/ES1241189.pdf>
- Link to FYE 6/30/2016 Audit: <https://emma.msrb.org/ES1180727.pdf>

Evaluation Process

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposers, or to allow corrections of error or omissions.

Amendments to RFP

Any verbal information obtained from or statements made by the representative of the District or its designee at the time of examination of the documents or site shall not be construed as, in any way, amending RFP documents or binding upon the District. Only such corrections or addenda that are issued in writing to all proposers shall become a part of the RFP. Any addendum issued during RFP process shall be included in the RFP response and become a part of any subsequent contract agreement.

Legal Requirements

The Lease is required to conform to the laws of the State of New York, including, but not limited to, General Municipal Law, Local Finance Law, Education Law, Energy Law and regulations promulgated by the Commissioner of Education and the Office of the State Comptroller.

Submission Requirements

In addition to submitting a completed **Proposal Response Form** as attached hereto, each proposing firm must include:

1. Examples of its prior experience with three (3) similar size lease financings for school districts in New York State;
2. Three references from jurisdictions that your firm has provided lease financing to in the past year in New York State; and
3. Any other information that would favor the use of your financial institution by the District.

Proposals are due by **11:00 a.m. on Thursday, August 22, 2019** by e-mail to:

Mr. Scott Harrington

Assistant Superintendent for Business & Operations

Bethpage Union Free School District

Tel: (516) 644-4030

sharrington@bethpage.ws

Ms. Janet Morley

Vice President

Capital Markets Advisors

Tel: 516-570-0340

jmorley@capmark.org

Questions regarding this RFP may be directed to Janet Morley.

Basis of Award

The District reserves the right, in its sole discretion, to reject any and all proposals, or any part thereof, received in response to this Request for Proposals, to re-solicit for new proposals, to waive formalities, to request additional information from any proposer, and to award and negotiate the terms of the contract with any proposer. The District intends to select the firm whose proposal is most advantageous to the District and meets the District's needs for this lease-purchase agreement, and not necessarily the firm with the lowest cost proposal. In determining which proposal is most advantageous and in the District's best interests, the District will evaluate, among other things, the overall financing cost (inclusive of any interest and fees) to the District, optional redemption provisions, responsiveness of each proposal to the terms of this RFP and applicable law, the terms and conditions of the proposed agreement, experience and reputation of the proposer in the State of New York. The District will not have any liability to any proposer for any costs or expenses incurred in connection with your response to the request for proposals.

All proposals shall be signed by an individual legally authorized to bind the proposing firm and the signer's name shall also be typed or printed to or under the signature together with his/her title or designation.

Following receipt of the completed proposals, tentative notification will be made to the prospective Lessor whose response best meets the District's needs and otherwise appears to meet the basis for award. It is expected that a formal award will be made by the Board of Education at its September 24, 2019 meeting, subject to and contingent upon final review of the Lease Purchase Agreement and all financing documents by the District's legal counsels.

Note that the prospective Lessor must provide the District with a draft of its proposed financing documents, together with notification of credit approval in order for District officials to accept and grant final approval.

Tax Opinion

The successful proposer will be furnished without cost with the opinion as to tax exemption of the law firm of Hawkins Delafield & Wood LLP (“Bond Counsel”). The opinion of Bond Counsel shall contain statements to the effect that, in the opinion of said law firm, under existing statutes and court decision and assuming continuing compliance with certain tax certifications described in the Tax Certificate of the District, (i) the portion of the rental payment designated as and constituting interest paid by District and received by successful proposer during the term of the lease is excluded from successful proposer’s gross income for federal income tax purposes under Section 103 of the Code; and (ii) such interest component is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. The Tax Certificate of the District, which will be delivered concurrently with the delivery of the lease will contain provisions and procedures relating to compliance with applicable requirements of the Code.

Opinion of School Attorney

At closing, the District shall furnish a validity opinion of Jaspan Schlesinger LLP (“School Attorney”), dated the closing date, including a statement to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the execution or delivery of the installment financing agreement.

Summary of Estimated Dates

RFP sent to providers:	August 15, 2019
Proposal and Response Form Due:	August 22, 2019 (by 11:00 a.m.)
Selected Lessor Tentatively Approved:	August 22, 2019 *
Credit Approval Completed:	August 27, 2019
Draft Documents Delivered:	September 5, 2019
District Board Meeting Date:	September 24, 2019 Lease approved
Closing of Lease:	October 1, 2019

*Subject to formal award by Trustees of the Board of Education on September 24, 2019.
The District reserves the right to modify these dates.

Thank you for your interest in Bethpage Schools.

END OF RFP

PROPOSAL RESPONSE FORM

August 22, 2019

Ladies and Gentlemen:

In response to Bethpage Union Free School District’s (the “District”) Request for Proposals (“RFP”), the undersigned, an authorized representative of _____ commits said firm to enter into a Lease-Purchase Agreement to provide the required refinancing of the project cost including equipment provided to the District by Johnson Controls, Inc. under an Energy Performance Contract. We understand that this Lease-Purchase Agreement is subject to the approval of the District’s Board of Education. The submission of this Response Form indicates that we have read the District’s RFP and are fully informed as to the extent and character of this request and we can satisfactorily comply with all specifications of the RFP.

We understand the District will repay our loan in periodic installments, including interest and all financing costs. We understand the lease-purchase shall be funded following the approval of the District’s Board of Education.

Our proposal, the terms of which are good through and including October 8, 2019, is as follows:

The principal amount of the lease will be: \$2,711,148

Lease Maturity will be: October 1, 2034

The interest rate on this loan will be: _____%

The index used to establish this interest rate is: _____

The margin added to the index to establish this interest rate is: _____

Prepayment Terms: _____

Lease payments will be payable on: _____

Other required fees, if any (please explain): \$ _____

Proposing Firm: _____

Contact: _____

Address: _____

Tel.: _____

E-mail: _____

Proposer Attachments: Sample Lease and Escrow Documents

6240 INVESTMENTS

I. SCOPE

This investment policy applies to all monies and other financial resources available for investment on behalf of the Bethpage Union Free School District.

II. OBJECTIVES

The primary objectives of the Bethpage Union Free School District investment activities are:

- a. To conform with all applicable federal, state and other legal requirements (legal);
- b. To adequately safeguard principal (safety);
- c. To provide sufficient liquidity to meet all operating requirements (liquidity); and
- d. To obtain a reasonable and competitive rate of return (yield).

III. DELEGATION OF AUTHORITY

The Board of Education's responsibility for administration of the investment program is delegated to the Assistant Superintendent for Business & Operations. The Superintendent of Schools or his/her designee shall establish written procedures for the operation of the investment program consistent with these guidelines.

Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates and other relevant information, and shall regulate the activities of subordinate employees.

IV. PRUDENCE

In accordance with this policy, the Treasurer or his/her designee are authorized to invest and/or deposit all District related funds and in this capacity, shall act responsibly as custodian of the public trust and shall avoid any transaction that might impair public confidence in the Bethpage Union Free School District (Bethpage U.F.S.D.).

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudent discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION

It is the policy of the Bethpage U.F.S.D. to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. The Investment Policy adopted by the Bethpage U.F.S.D. shall include elements as set forth in [GML 39](#), but not be limited to, the following:

- a. A list of the permitted types of investments of the local government, which shall be consistent with the appropriate provisions of law relating to the local government and any additional requirements pursuant to any contract with bondholders and noteholders or established by the local government.
- b. Procedures and provisions to secure in a satisfactory manner the local government's financial interest in investments.
- c. Standards for written agreements pursuant to which investments are made. Such standards shall be consistent with the appropriate provisions of law relating to the local government and any additional requirements pursuant to any contract with bondholders and noteholders or established by the local government.
- d. Procedures for the monitoring, control, deposit and retention of investments and collateral.
- e. Standards for security agreements and custodial agreements with banks or trust companies authorized to do business in the state of New York, pursuant to which obligations and collateral are held by such banks and trust companies for the local government. Such standards shall be consistent with the appropriate provisions of law relating to the local government and any additional requirements pursuant to any contract with bondholders and noteholders or established by the local government.
- f. Standards for the diversification of investments, including diversification with respect to the permitted types of investments listed in accordance with paragraph (a) of this subdivision and to the firms with whom the local government

transacts business. Such standards may also specify the maximum percentage of moneys available for temporary investment or the maximum dollar amount that the local government is authorized to invest in any one permitted type of investment or pursuant to transactions with any one firm.

g. Standards for the qualification of firms with whom the local government transacts business, such as criteria covering creditworthiness, experience, capitalization, size and any other factors that make a firm capable and qualified to transact business with the local government.

h. For purposes of this section, the term "firm" shall include, but not be limited to, a bank or trust company as defined in subdivision one of section ten of the GML, the lead participant of a cooperative investment agreement as defined in subdivision one of section forty-nine-c of the GML, and the seller of an obligation that is purchased pursuant to a repurchase agreement.

VI. INTERNAL CONTROLS

It is the policy of the Bethpage U.F.S.D. for all moneys collected by any officer or employee of the District to transfer those funds to the Assistant Superintendent for Business & Operations or the Treasurer within two (2) days of receipt, or within the time period specified in law, whichever is shorter.

The Assistant Superintendent for Business & Operations, along with the Treasurer shall be responsible for establishing and maintaining an internal control structure by regulations and/or procedures so as to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the Board's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

The District Treasurer will prepare monthly investment reports for the Board of Education's review. All investment and investment procedures shall be audited by an independent auditor or firm of auditors at least once annually.

VII. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies shall be approved by the Board of Education at the Annual Reorganizational meeting held in July each year and modified, by resolution, at any regular or special meeting thereafter if special circumstances so warrant. All designated commercial banks or trust companies shall be authorized to do business in the State of New York.

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of [General Municipal Law \(GML\), Section 10](#), all deposits of Bethpage Union Free School District, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

a. By a pledge of "eligible securities" with an aggregate "market value" as provided by [GML Section 10](#), at least equal to or greater than equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy.

By an eligible "irrevocable letter of credit" in favor of the Bethpage U.F.S.D. as security for the payment of 100% of the aggregate amount of public deposits and agreed upon interest, if any, executed by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization.

By an eligible surety bond payable to the Bethpage U.F.S.D. as security for the payment of 100%, or an eligible letter of credit payable to the Bethpage U.F.S.D. as security for the payment of 140%, of the aggregate amount of public deposits and agreed upon interest, if any. The terms and conditions of any eligible surety bond shall be approved by the Bethpage U.F.S.D.'s Board of Education.

b. Collateral shall be monitored at least on a monthly basis.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to a security and custodial agreement.

The security agreement shall provide that eligible securities are being pledged to a secure Bethpage U.F.S.D. deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Bethpage U.F.S.D. to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Bethpage U.F.S.D., such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Bethpage Union Free School District or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Bethpage U.F.S.D., will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Bethpage U.F.S.D. a perfected interest in the securities.

X. PERMITTED INVESTMENTS

As authorized by General Municipal Law, Section 11, the Bethpage U.F.S.D. authorizes the Treasurer to invest monies as may be required by law and those not required for immediate expenditure, for terms not to exceed its projected cash flow needs, in the following types of investments:

- a. Special time deposit accounts in banks authorized to do business in the State of New York.
- b. Certificates of deposit in banks authorized to do business in the State of New York.
- c. Obligations of the United States of America.
- d. Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America.
- e. Obligations of the State of New York.
- f. Obligations issued pursuant to [Local Finance Law \(LFL\) Section 24.00](#) or [25.00](#) (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Bethpage U.F.S.D..
- g. Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments.
- h. Obligations of the Bethpage U.F.S.D., but only with any moneys in a reserve fund established pursuant to [General Municipal Law Sections 6-d, 6-j, 6-l, 6-m, or 6-n](#).

All investment obligations shall be payable or redeemable at the option of the Bethpage Union Free School District within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Bethpage Union Free School District within two years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Bethpage U.F.S.D. shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments that can be made with each financial institution or dealer. All financial institutions with which the Bethpage U.F.S.D. conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report Condition (Call Report) at the request of the Bethpage U.F.S.D. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve bank, as primary dealers. The Assistant Superintendent for Business & Operations, in conjunction with the District Treasurer are responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Additionally, such Bethpage U.F.S.D. officials shall maintain a list and required standards for the qualification of firms with which Bethpage U.F.S.D. does business, such as credit worthiness, experience, capitalization, size and other factors that make a firm capable and qualified to transact business with the Bethpage U.F.S.D. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

The Treasurer is authorized to contract for the purchase of investments:

- a. Directly, including through a repurchase agreement, form an authorized trading partner.
- b. By participation in a cooperative investment program with another authorized governmental entity pursuant to the General Municipal Law where such program meets all the requirements of law, and the specific program has been authorized by the Board of Education.
- c. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board of Education.

All purchased obligations, unless registered or inscribed in the name of the Bethpage U.F.S.D., shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for

redemption or payment by such bank or trust company only in accordance with prior written authorization from the Assistant Superintendent for Business & Operations or other officer authorized to make the investment, as designated by the Board of Education. All such transactions shall be confirmed in writing to the Bethpage U.F.S.D. by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written agreement and such security and custodial agreements shall contain the elements required by [General Municipal Law, Section 10](#), as well as such other provisions as the Board of Education may deem necessary.

XIII. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- a. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- b. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- c. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- d. No substitution of securities will be allowed.
- e. The custodian shall be a third party other than the trading partner.

XIV. ANNUAL BOARD OF EDUCATION REVIEW

This policy shall be approved annually by the Board of Education and may be amended from time to time in accordance with the provisions of [section 39 of the General Municipal Law](#).

Bethpage Union Free School District
