

**SMITHTOWN CENTRAL SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

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

Overview

The Smithtown Central School District, Suffolk 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 August 2017 with an amendment executed in November 2018. NYSED approval was received in December 2018. The District's building aid ratio is approximately 48.3%

The District seeks competitive proposals for a \$23,433,359 lease-purchase on the basis of a 14.3-year term with maturity on June 15, 2033.

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: Smithtown High School East, Smithtown High School West, Accomsett Intermediate School, Great Hollow Intermediate School, Nesaquake Intermediate School, Accomsett Elementary School, Dogwood Elementary School, Mills Pond Elementary School, Mt. Pleasant Elementary School, Smithtown Elementary School, St. James Elementary School, Tackan Elementary School, Commissary Building, Facilities Department Building and Transportation Garage. The energy conservation measures and related work to be financed are set forth below.

Equipment Measures by Category	Project Cost
Lighting - Fixture Retrofit	\$ 3,325,666
Lighting - Exterior Lighting	582,079
Building Envelope Improvements - Weatherization	262,697
Energy Management System - Temperature Setback	2,080,274
Energy Management System - Exhaust Fan/Relief Damper Control	741,525
Energy Management System - Demand Controlled Ventilation	51,708
Steam Traps - Replacements	43,430
Heating Distribution System - Pipe and Valve Insulation	126,936
Boiler/Burner - Replacements	75,670
Building Envelope Improvements - Insulation	30,844
Motors - Replacements	51,462
Renewable Energy- Photovoltaic Electric Generation	6,430,068
Chiller Replacement	108,208
Side Stream Filter on Cooling Towers	55,491
Cooling Tower VFD Installation	9,459
Cogeneration	2,808,607
Plug Load Controllers	263,709
Air Conditioning Compressor Controllers	27,979
Refrigeration Compressor Controllers	12,031
Ceiling Replacement	3,324,482
Project Management, Energy Engineering, SED Management	<u>3,021,034</u>
Total:	<u>\$23,433,359</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 \$23,433,359. 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 June 15, 2033 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.

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 February 19, 2019 when developing an amortization schedule. Thereafter, debt service payments will be made annually in arrears on each June 15th with the first debt service payment to be due on June 15, 2019. 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 February 25, 2019. The Lease shall not become effective until the delivery of funds.

Term The Lease-Purchase Agreement is scheduled to close on February 19, 2019 and mature on June 15, 2033.

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.
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 any 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 bidder requires this information for the purposes of making a fixture filing pursuant to the applicable provisions of the Uniform Commercial Code, the winning bidder may 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 annual lease payments are 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. In the event that no funds or insufficient funds are appropriated by the District to pay the Lease, the Equipment may be acquired and sold by or on behalf of the Lessor, provided that any excess proceeds from such a sale, after deduction for and payment of fees, expenses and any taxes levied on the sale, shall be paid to the District. 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.

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 amend sample documents provided with submission. Proposed financing documents and notification of credit approval for the transaction will be due no later than **January 29, 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. 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 **not** 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 August 2017 and November 2018, respectively: <http://www.capmark.org/RFPs.html>

- Link to Official Statement issued in conjunction with the District’s \$50,000,000 Tax Anticipation Notes for 2018-2019 Taxes: <https://emma.msrb.org/ES1341625.pdf>
- Link to 2018-2019 Budget Information: http://www.smithtown.k12.ny.us/boardofeducation/budget_information

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 Wednesday, January 16, 2019** by e-mail to:

Mr. Andrew Tobin
 Assistant Superintendent for Finance and Operations
 Smithtown Central School District
 Tel: 631-382-2115
atobin@smithtown.k12.ny.us

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 bidder 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 February 12, 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 Lamb & Barnosky, 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:	January 8, 2019
Proposal and Response Form Due:	January 16, 2019 (by 11:00 a.m.)
Selected Lessor Tentatively Approved:	January 16, 2019 *
Credit Approval Completed:	January 24, 2019
Draft Documents Delivered:	January 29, 2019
District Board Meeting Date:	February 12, 2019 Lease approved
Closing of Lease:	February 19, 2019

*Subject to formal award by Trustees of the Board of Education on February 12, 2019.
The District reserves the right to modify these dates.

Thank you for your interest in Smithtown Schools.

END OF RFP

PROPOSAL RESPONSE FORM

January 16, 2019

Ladies and Gentlemen:

In response to Smithtown Central 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 February 25, 2019, is as follows:

The principal amount of the lease will be: \$23,433,359

Lease Maturity will be: June 15, 2033

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: _____

Bidder Attachments: Sample Lease and Escrow Documents

INVESTMENTS

The objectives of the district's investment policy are to safeguard district funds, to minimize risk, to ensure that investments mature when cash is required to finance operations and to ensure a competitive rate of return.

This investment policy applies to all moneys and other financial resources available for investment on behalf of the Smithtown Central School District and the Board of Education.

Objectives

The primary objectives of the district's investment activities are, in priority order, to:

- Conform to all applicable federal, state and other legal requirements (legal).
- Adequately safeguard principal (safety).
- Provide sufficient liquidity to meet all operating requirements (liquidity).
- Obtain a reasonable rate of return (yield).

Delegation of Authority

The Board of Education delegates responsibility for administration of the investment program to the Superintendent and his/her designee.

Internal Controls

The Assistant Superintendent for Finance and Operations shall establish and maintain an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating the description and amounts of investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

All moneys collected by any officer or employee of the district shall transfer those funds to the Treasurer within two days of deposit, or within the time period specified in law, whichever is shorter.

Prudence

All participants in the investment process shall seek to react responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the school district to govern effectively.

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

Diversification

It is the policy of the district to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

Authorized Financial Institutions and Dealers

The district shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the district conducts business must be credit worthy. Banks shall provide their most recent Annual and/or Quarterly Report at the request of the district. 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 Finance is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listings shall be evaluated as least annually.

Designation of Depositories

The banks and trust companies authorized for the deposit of monies up to the maximum amounts are to be designated annually at the Board of Education Reorganizational Meeting.

Collateralizing of Deposits

In accordance with section 10 of the General Municipal Law, all deposits of the 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. The District may choose from the following options:

1. Secured by a pledge of “eligible securities” with an aggregate “market value” equal to the aggregate amount of deposits from obligations issued or fully insured or guaranteed as to the payment of principal and interest by the United States of America, or an agency thereof. Such eligible securities may include U.S. Treasury strips at the appropriate percent of market value.

All securities either pledged as collateral on an investment, or purchased through a repurchase agreement must additionally be approved by the Treasurer of the district who shall maintain the list.

2. Secured by an “irrevocable letter of credit” issued in favor of the Smithtown Central School District 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, as security for the payment of 100 percent of the aggregate amount of deposits and the agreed-upon interest, if any.

Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by a bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure school district 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 school district to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the district, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the 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 school district, 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 re-evaluation 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 district a perfected interest in the securities.

Permitted Investments

As authorized by section 11 of the General Municipal Law, the district authorizes the Assistant Superintendent for Finance or his/her designee to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments.

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations of or guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America.

All investment obligations shall be payable or redeemable at the option of the Smithtown Central School District 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 or bonds or notes, shall be payable or redeemable at the option of the Smithtown Central School District within two years of the date of purchase.

Purchase of Investments

The Assistant Superintendent for Finance or his/her designee is authorized to contract for the purchase of investments:

- directly, including through a repurchase agreement, from an authorized trading partner;
- by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law, and in accordance with General Municipal Law Article 3-A, the specific program has been authorized by the Board of Education.

All purchased obligations, unless registered or inscribed in the name of the district, 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 written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Smithtown Central School District 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 custodial agreement as described in section 10 of the General Municipal Law.

The custodial agreement shall provide the securities held by the bank or trust company, as agent of and custodian for the district, 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 shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the district a perfected interest in the securities.

Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

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

Annual Review

This policy will be reviewed annually by the Board and may be amended from time to time in accordance with the provisions of section 39 of the General Municipal Law.

Ref: Education Law §§1604-a; 3651; 3652
 Local Finance Law §165.00
 General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39

Adoption date: March 26, 2002

Revised: January 13, 2015

Revised: February 27, 2018