

# Request for Proposals

## FOR DEPOSITORY SERVICES BY NORTHEAST TEXAS COMMUNITY COLLEGE

### RFP-Depository Services #2021-04

All questions in this form should be answered and provided to the College as the Depository's bid.

#### **REQUEST FOR PROPOSAL**

The Northeast Texas Community College (College) is requesting proposals from eligible and qualified financial institutions to serve as the Depository Bank (Depository) to the College and provide a full complement of banking services. These include the basic services of receiving deposits, paying items, sending and receiving wired funds, stop payments, time deposits and other normal business banking activities. This agreement will not cover all investment transactions as the College invests some funds per its investment policy.

**This Request for Proposal (RFP) is intended to serve as the depository contract. All points outlined and materials requested should be included in the bidder's reply to be considered for evaluation. Please use the attached Bid Form.**

The College has designated Brandi Cave, Controller, at (903) 434-8103 as the contact person for questions pertaining to this RFP.

#### **TERM OF CONTRACT**

The contract period will be for twenty four months, beginning September 1, 2021, and ending August 31, 2023. The contract may be extended for one additional two year period if agreed in writing by both parties. The contract will also provide for an extension period not to exceed ninety (90) days for the transition to any new bank depository.

#### **OBJECTIVES OF THE PROPOSAL**

The College wishes to communicate the primary objectives of the Depository Agreement:

- To seek a bank capable of providing banking services and willing to be attentive to the College's money matters;
- To seek a bank which meets the legal qualifications and the terms and conditions in the Request for Proposal:

- To maintain a good working relationship with the Depository Bank;
- To fully comply with the requirements of the School Depository Act, Subchapter A of the Texas Education Code; and
- To adequately compensate the Depository Bank for services provided, subject to competitive forces in the market place.

### **CRITERIA FOR EVALUATION**

The College staff shall review each submitted proposal. The staff recommendation to the Board of Trustees shall be based on the proposal determined to be in the best interest of the College. The evaluation of the proposal will be made based on the following criteria:

- Ability to perform and provide the required services;
- Cost of banking services;
- Completeness of the bid and agreement points outlined in the RFP;
- Interest rates paid on interest bearing accounts, time deposits, and investments;
- Financial condition and ability to meet collateral requirements.

In order to be considered, the depository must be a state or national banking corporation, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The College reserves the right to reject any and/or all bids and if any portion or provision of this bid and/or any contract between Depository and College entered into is invalid, the remainder, at the option of the College, shall remain in full force and effect and not be affected.

### **BANK COMPENSATION**

Does the College have the option to pay for Depository services by targeted balances or by fees? Please describe any differences in related costs to the College with either option. If the College chooses one option for the life of the contract, is there a difference in service fees?

Target Balance Compensation Basis:

The College may choose to pay for Depository services on a compensating balance basis, maintaining a targeted amount of its funds in the Depository. The College will maintain balances in the checking accounts to compensate the Depository in full or in part for services provided. Earnings credit for these balances shall be reflected on the monthly account analysis provided to the College.

Any excess collected balance may be invested daily by the Bank as directed by the College, in a College approved overnight investment, an interest bearing account, or an SEC registered money market mutual fund. The overnight investment and any index upon which the rate will be based should be listed below.

The rate history at the Depository for the months beginning April 2020 and ending March 2021 was (To be completed on Attachment A):

If any of these rates is based on an index rate (such as the T-Bill auction rate) stipulate the index calculation basis.

Fee Basis Compensation:

The College may choose to pay for Depository services on a straight fee basis in which no targeted balance will be maintained by the College. Fees will be assessed and paid in accordance with the Depository’s proposed fees as listed on Attachment A.

**COLLEGE INVESTMENTS**

The College reserves the right to purchase, sell and invest its funds and funds under its control, including bond funds, as authorized by the Government Code, Chapter 2256, Public Funds Investment Act, and in compliance with the College’s Investment Policy, a copy of which is attached as Attachment C.

The College may choose to invest in time deposits at the Depository. The Depository will pay interest on funds of the College placed in time deposits with maturities chosen by the College. The interest rate spread on such deposits should be indicated as above, below or equal to the "asked" yield on the comparable maturity T-Bill of the proposed time deposit being purchased as reported in an independent, financial source.

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

MATURITY	Basis point spread over (+)/under (-) T-Bill "asked" yield [College-specified rate]
7 -- 29 Days	_____
30 -- 59 Days	_____
60 -- 89 Days	_____
90 -- 179 Days	_____
180 -- 364 Days	_____
365 Days or More	_____

**COLLATERALIZATION**

The Depository must provide either corporate surety bonds or pledged securities as per Texas Education Code §51.003. Please specify which method the Depository will use for collateralization of College funds.

Collateral Conditions:

The Depository shall provide collateral equal to 102% of all College time and demand deposits plus accrued interest minus applicable FDIC coverage. Collateral will be pledged to the College and held in an independent safekeeping institution by a custodian or permitted institution as specified by the Public Funds Collateral Act (Texas Government Code, Chapter 2257). The Depository will be liable for monitoring and maintaining the collateral and the required margin at all times and will provide original safekeeping notice and a monthly report of the collateral to include the security description, par amount, cusip, and market value, at a minimum.

The Depository and College shall execute a collateral agreement in accordance with FIRREA. A sample Collateral Agreement should be attached as Attachment D.

The College estimates its maximum anticipated collateral requirement to be \$9,000,000, with an average of \$7,000,000.

Eligible Collateral:

The College will accept only approved securities as specified by Texas Education Code §51.003 as pledged collateral.

**BANKING SERVICES FEES**

Based on the Depository services required by the College, the Depository shall complete the proposed fee schedule, Attachment A.

**DEPOSITORY INFORMATION**

Please answer the following questions concerning the Depository.

1. State full name and address of the Depository and any parent holding company. List all branch locations within the College’s boundary.
2. Provide the UPBR reference or annual audited financial statement for the most current fiscal year. This may be in printed form, but an electronic link to the web site(s) is preferable. Members of Depository holding companies must include corporate annual financial statements and the individual Depository’s call report for the most recent operating quarter.
3. State the Depository’s rating from an Independent Depository rating agency or, if not available, the rating on the Depository’s senior and subordinate debt. Any change in this rating during the period of the contract must be communicated to the College in a reasonable period of time.
4. Contact Information  
To insure smooth contract implementation and continuation of services, a specific account executive and a back-up must be assigned to the College account to coordinate services and expedite the solution of any problem encountered.

a. Designate a Depository officer as a primary contact with the College.

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Telephone # \_\_\_\_\_  
 Fax # \_\_\_\_\_  
 E-Mail \_\_\_\_\_

b. Designate a Depository representative as a backup contact with the College.

Name \_\_\_\_\_  
 Title \_\_\_\_\_

Telephone # \_\_\_\_\_  
 Fax # \_\_\_\_\_  
 E-Mail \_\_\_\_\_

- c. In the event the primary and backup contacts aren't available, what is the College's procedure for an emergency contact? After hours?
  - d. Describe in detail how the Depository handles problem resolution, customer service, day-to-day contact, and ongoing maintenance for governmental clients. Please be specific about exactly whom the College will be calling and working with for the above described situations.
5. List references from at least three of the Depository's current, comparable governmental clients. Include the length of time under contract, a client contact, title, and telephone number.
  6. Based on the services required by the College, please provide a proposed timeline for implementation of the contract including the timeline activities and direct responsibilities of the College and the Depository during implementation.
  7. Provide a copy of all agreements (including those not directly referenced in this RFP) which will be required to be executed under the contract.
  8. The Depository awarded the contract will be required to review the then-current College Investment Policy and certify in writing to that review in accordance with the Public Funds Investment Act certifying that the Depository has sufficient controls in place to avoid transactions not authorized by the Policy, Attachment C.

**BANKING SERVICES**

**1. Consolidated Account Structure with Sweep Mechanism**

The College is interested in earning at then-current interest rates available at all times. The College wants the option to use an automated, daily sweep to a money market mutual fund or Depository alternative account (if competitive) to reach its full investment goal. [College option: A repurchase agreement is not acceptable as a sweep investment vehicle.]

The College's current account structure is listed as Attachment B. The College does not guarantee that the balances will be maintained at these same levels.

The Depository shall clearly describe the Depository's most cost effective account structure (interest bearing accounts, ZBA accounts, or sweep, etc.).

- a. Fully describe the proposed account structure. Would a sweep be from a master account with ZBAs or directly swept from the individual accounts? Is interest distributed at the account level?
- b. State the average interest rate on the recommended alternative structure for the past twelve months.

- c. If an SEC registered money market fund is utilized for the sweep proposal, provide the full name and a copy of the prospectus.
- d. Interest earned on interest bearing accounts shall not be charged as an expense on the account analysis. Confirm acceptance of this condition.

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

## 2. Automated Cash Management Information

The College is interested in automated balance and detail information. Minimum automated services shall include:

- prior day summary and detail balance reporting on all accounts
  - intra-day detail and summary balances (on local main and payroll accounts)
  - initiation and monitoring of stop pays
  - initiation and monitoring of internal and wire transfers
  - image access
  - controlled disbursement presentment totals
- a. Fully describe the Depository's on-line service. List the system capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
  - b. What is the Depository's back-up process to provide balance reporting and transactions in case of system non-availability?
  - c. When is daily balance information available?
  - d. Submit samples of major screens available or provide web link access to a demonstration module.
  - e. How are individual security sign-ons assigned and who maintains the security module? How many levels of security are available?
  - f. With regard to controlled disbursements—
    - What is the cutoff time for disbursements?
    - What Federal Reserve location do these accounts clear through?
    - How does the College have access to this information?

## 3. Deposit Services

Standard commercial deposit services are required for all accounts.

The College expects all deposited checks to clear based on the Depository's current published availability schedule, but any expedited availability options should be noted in the bid. All cleared deposits received by the Depository's established deadline must be processed for same day ledger credit. Failure to credit College accounts in a timely fashion will require interest payment reimbursement to the College at the then-current effective Fed Funds rate.

- a. What is the Depository's daily cut-off time to assure same day ledger credit?
- b. Describe how and when credit/debit advices are sent to the College?
- c. What type deposit bags are used/required? Are these available from the Depository?
- d. In what city does item processing occur?

#### Remote Deposit

The College is interested in the possibility of establishing remote check deposit for a few high volume locations during the contract period. These deposits include both consumer and commercial checks.

- a. What are the Depository's current capabilities in remote check deposit? Describe how checks are processed and cleared. Please state the cut-off time for same-day ledger credit.
- b. Give two comparable references with contact information.
- c. Is a daily balancing report produced? Provide a sample.
- d. What scanner equipment is required to operate the system? Is this equipment available through the Depository on a purchase or lease basis? Please list the equipment required along with its cost.

#### 4. On-line Banking Services

The College is interested in on-line services for accounts.

- a. Does the Depository image all checks and deposits?
- b. Are check and deposit images available on-line? When?
- c. Are statements downloadable?
- d. How long are check and deposit images maintained on-line?
- e. Are all College checks paid without charge upon presentation?

#### 5. Positive Pay

The College is interested in positive pay services for designated accounts on which checks are written. The positive pay process should be fully automated and web based. Check information will be transmitted electronically to the Depository on each check run and as manual checks are created.

- a. Describe the data transmission/transfer requirements for automated and manual checks.
- b. Is input available online for manual checks? If not on-line, how is information on individual manual checks transmitted to the Depository?
- c. How can check records be changed or deleted by the College, if necessary?

- d. How is the College to be notified of a positive pay exception?
- e. At what time is exception information reported to the College? At what time is the deadline for College exception elections? Are images of exceptions available?
- f. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often is teller information updated?
- g. Does the Depository offer payroll positive pay?
- h. Please provide a copy of the Depository's file layout format.

## **6. Account Reconciliation**

The College anticipates use of partial or full reconciliation services on all accounts in concert with positive pay, dependent upon cost effectiveness.

- a. Describe the partial and full reconciliation processes.
- b. With what format(s) does the Depository's system interface? What record formats are required?
- c. As an alternative, the College will need to specify its interface format for the Depository to determine compatibility, due to software customizations.
- d. How is reconciled data sent to the College? When?
- e. Specify all reporting alternatives.
- f. Are reports available online? How long are reports maintained online?

## **7. Funds Transfer and Wire Services**

Incoming wire transfers must receive immediate same day collected credit. Wire initiation should be available online. The College requires that wires be released the same business day if information is provided by the established deadline.

- a. Describe the process of online wire initiation. What back-up process is available for the on-line process in case of system unavailability?
- b. Is any paper transaction required for transfers or wires as follow-up?
- c. How and when will the Depository notify the College of incoming wires? Online? E-mail?
- d. Is future dating available for both repetitive and non-repetitive wires and transfers? How far in advance?
- e. What is the deadline for initiation
  - by telephone?
  - on-line?
- f. Are templates available for repetitive transfers?

## **8. Credit Card Payments**

The College currently offers credit card payment options of Master Card, Discover, and Visa, both as a physical swipe and internet payment. Please list all charges for



this service and attach any relevant information about equipment and any supplies needed. Please include with your submission any credit card agreement.

## 9. Optical Imaging

The College desires optical images which are downloadable or on CD on all accounts.

- a. What items and reports are available on-line (checks, statements, deposit slips, deposited items, etc.)?
- b. What items are captured on the monthly CD, if provided?
- c. When are the monthly CD or imaged reports available?
- d. When and how long are statements and account analyses available on-line?

## 10. ACH Services

The College expects to move toward more ACH transactions for payable and receivable transactions. The College requires a pre-notification (pre-note) on all new transactions.

- a. Describe the transmission alternatives for individual ACH transactions. Is the College able to initiate individual ACH transactions on line?
- b. What filters and blocks are available on College accounts for ACH transactions?
- c. Are ACH addenda shown in their entirety on-line and on reports?
- d. What is the Depository's policy on pre-notification? Is the pre-note charged as a standard ACH transaction?
- e. What is the deadline for transmission (hour and day) for a payroll to credit employee accounts on a Friday?

## 11. Investments and Safekeeping Services

The College intends to manage its own investment portfolio. Therefore, the College reserves the right to withdrawal, from time to time any amount of funds the College has on deposit to invest those funds in accordance with the College' investment policy.

The Depository will be required to provide book-entry safekeeping services for any securities owned by the College. All College investments will be made by the College and instructions for clearing and safekeeping will be transmitted to the Depository in writing.

All securities must be cleared on a **delivery versus payment (DVP)** basis and ownership documented by original clearing confirmations and safe-keeping receipts provided within one business day of the transaction. Funds for investments will be drawn from a designated College DDA account. All P&I payments, coupon

payments, and maturities must receive automated same day collected credit on the College designated account without requiring any additional College action.

If the Depository is not a member of the Federal Reserve or a federal home loan bank and utilizes a correspondent bank for safekeeping of College securities, the transactions will be handled through the Depository's systems and shall not require additional interaction by the College with the correspondent bank. No delay in transactions, wires or flow of funds will be acceptable under a correspondent relationship.

- a. Is the Depository a member of the Federal Reserve or a federal home loan bank? If not, name the correspondent Depository to be used for clearing and safekeeping. Describe any safekeeping arrangement proposed with a correspondent Depository including processing requirements by the College.
- b. Are security transactions available on-line for either origination or monitoring?
- c. What is the deadline for settlement instructions on a cash (same day) settlement? Is there any charge incurred for late instructions?

The College may choose to purchase time deposits from the Depository, but all time deposits will be competitively bid at the time of purchase.

## **12. Collateral Requirements**

All the requirements, including those beyond the Public Funds Collateral Act, as stated in the College's Investment Policy and below, must be met by the Depository. The bid must state agreement to the following terms and conditions.

- All collateral pledged to the College must be held by a custodian or permitted institution as specified by the Public Funds Collateral Act (Texas Government Code, Chapter 2257). Alternatively, the College may specify any limitations on its preferred custodial arrangement per its Investment Policy.
- A tri-party safekeeping agreement shall be executed between the College, the Depository, and the safekeeping bank for custody of pledged securities in full compliance with FIRREA requiring a Depository resolution. (Or completion of Circular 7 if the Federal Reserve is acting as custodian. Use of the FRB will still require a depository agreement be executed between the College and the Depository.)
- All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principal plus accrued interest at all times.
- The Depository shall be contractually liable for the continuous monitoring and maintaining of collateral at the College's required margin levels.
- Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the College by the custodian within one business day of receipt.

- The College shall receive a monthly report of collateral pledged including name, security types, description (including coupons, maturity dates, and call dates), par value, market value at month end, cusip, Moody's and/or Standard & Poor's Rating, at a minimum.
- Substitution rights shall be granted if the Depository obtains the College's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.

Authorized collateral includes only approved securities as specified by Texas Education Code §51.003. Alternatively, the College may specify any limitations on its preferred collateral requirements as stated in its Investment Policy.

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

### **13. Account Analysis**

Monthly account analysis reports should be provided for each account and on a consolidated account basis.

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

### **14. Monthly Statements**

The Depository must provide monthly account statements on all accounts with complete supporting documentation.

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

### **15. Overdrafts**

The College does not intend to have a overdraft throughout the course of the contract.

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

## **16. Stop Payments**

An automated stop pay process is desired.

- a. What are the time period options available for stop pays?
- b. What are the time period options for extended stop pay periods? How is it extended?
- c. What is the cut-off hour for same day action on stop pays?
- d. Can stop pay orders be initiated on-line? If so, is there any paper follow-up document required?
- e. What information on current and expiring stop pays is available on-line?

## **17. Customer Service**

Does the Depository offer customer services in languages other than English? What languages are offered?

## **18. Service Enhancements**

Based on the information provided in the RFP and your firm's knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that should be considered for further improving the effectiveness of the College's treasury management operations.

## **OTHER STIPULATIONS**

### **Regulation Notices**

The Depository shall notify the District in writing within ten (10) days of any changes in Federal or State regulations or laws which would thereafter affect the Depository Contract. The Depository shall notify the District of any services which become available to the District throughout the contract period.

### **Right to Cancel Contract**

In the event it would be ruled illegal under the provisions of any Federal Statute or Regulation for the Depository to pay interest in the manner outlined in the RFP, then the District expressly reserves the privilege to cancel and to re-advertise the RFP for depository services.

### **Contract Term**

The term of the contract shall be the period beginning September 1, 2021 and ending August 31, 2023 or thereafter until a successor Depository has been selected. This contract shall automatically be extended up to ninety (90) days if the District is actively proceeding with re-proposal procedures but, for whatever reason, cannot finalize the selection process by the end of the contract period. All fees shall be fixed for the two (2) year term.

**Contingent Merger**

Notwithstanding any other provision of this agreement which may be to the contrary, this contract and respective rights and obligations of the parties hereunder shall remain in full force and effect and not otherwise be affected by a merger or sale of the Depository.

**State of Condition**

The proposing bank shall submit a copy of its most recent annual financial statement along with the most recent quarterly FDIC call report.

**PROPOSAL INSTRUCTIONS/REQUIREMENTS**

- A. The Sealed RFP or proposals clearly marked "Depository Proposal" shall be delivered to the office of the following person by 11:30 a.m. May 13, 2021.

RFP-Depository Services #2021-04  
Brandi Cave  
Controller  
2886 FM 1735  
Mt. Pleasant, Texas 75455

NO RFP SHALL BE ACCEPTED AFTER 11:30 AM AND SHALL BE RETURNED UNOPENED.

- B. Submit a Cashier's Check in the sum of \$1,000.00 payable to Northeast Texas Community College. If this bid to be Depository of District funds is accepted, this check is to secure the performance of the bid, and if the Depository fails to enter into a contract with the District as provided in this bid, then the check shall be cashed by the District as liquidated damages for said failure. If the Depository enters into a contract with the District, the District shall return the check to the Depository. In the event this bid is not accepted, the check is to be returned to the Bidder immediately after the contract award is made.
- C. The proposing Depository shall use this RFP form as the OFFICIAL FORM to submit rates and to answer questions. Any major changes or deletions that alter the intent of this RFP may be grounds for the District to disregard and reject the RFP. Variations or exceptions must be noted on the RFP or on separate paper with reference to the appropriate section number.
- D. The District reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal before and after submission, any and all which may be used in forming a recommendation.
- E. The District reserves the right to reject any and all proposals

- F. The RFP states that the Depository is a banking institution chartered under the laws of the United States or the State of Texas.
- G. The Northeast Texas Community College Board of Trustees shall make the final appointment of a Depository Bank. The Depository understands this is a contract, which incorporates all of the obligatory points in this RFP.
- H. This request for proposal has been duly advertised and is being offered by consideration to financial institutions, as permitted by State Laws.
- I. Upon being awarded the contract, the Deposit Bank shall designate an individual to be the official contact person for all correspondence. The Depository shall be responsible for training and communicating the terms of this contract to Depository employees.

The following person duly authorized to act on behalf of the Depository submits this proposal.

\_\_\_\_\_  
Officer's Name and Title (please Print)

\_\_\_\_\_  
Officer's Signature

\_\_\_\_\_  
Name of Depository

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

**List of schedules/attachments provided by College:**

Copy of College audited financial statements (Provided upon request electronically)  
Attachment A, Volumes for Pricing Transactions  
Attachment B, College's Current Account Structure  
Attachment C, College Investment Policy

**List of schedules/attachments to be provided by Depository:**

The following information must be included with the bid:

Copy of Depository audited financial statements [or link to web site]  
Corporate audited financial statements and the individual Depository's call report (for members of Depository holding companies) [or link to web site]  
UPBR reference  
Attachment A, Volumes for Pricing Transactions (filled in with rates)  
Sample Account Analysis Statement and User's Guide (if applicable)  
Attachment D, Sample Collateral Agreement (if applicable)  
Any agreements (including those not directly referenced in this RFP) which will be required to be executed under the contract (if applicable)  
Samples of major screens or web access for automated cash management (if applicable)  
Sample daily balancing report for Remote Deposit (if applicable)  
Sample account reconciliation reports (if applicable)

**Optional Acknowledgements**

The Depository confirms that interest earned will not be charged on the account analysis.

If awarded the contract, the Depository will be required to review the then-current College Investment Policy and certify in writing to that review in accordance with the Public Funds Investment Act certifying that the Depository has sufficient controls in place to avoid transactions not authorized by the Policy.

The Depository accepts the investment options and/or collateral conditions as specified in the College's Investment Policy.

By virtue of the bid submission, the Proposer acknowledges agreement with and acceptance of all provisions of the specifications except as expressly qualified in the bid.

Firm: \_\_\_\_\_

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

City/State/Zip: \_\_\_\_\_

Phone No: \_\_\_\_\_

Fax No: \_\_\_\_\_

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

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

Date: \_\_\_\_\_



**ATTACHMENT A**  
**Northeast Texas Community College**

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

	<b>Unit Bank</b>	
<b>Service</b>	<b>Unit Basis</b>	<b>Charge</b>
<b>Account Deposit Services</b>		<b>Explanatory</b>
		<b>Notes, if applicable</b>
Master Account Maintenance Fee	Per account	
Subsidiary Account Maintenance	Per account	
Money Market Account Maintenance Fee	Per account	
Interest Bearing Accounts Maintenance Fee	Per account	
ZBA Accounts Maintenance Fee Master	Per account	
ZBA Accounts Maintenance Subsidiary	Per account	
ZBA Account Transfers	Per item	
Investment Sweep - master account	Per account/mo	
Investment Sweep - Subsidiary accounts	Per account/mo	
Debits Posted	Per item	
Credits Posted	Per item	
	Per item	
<b>Automated Services - Balance &amp; Detail</b>		
<b>If Services are Bundled:</b>		
Bundled Balance & Activity Reporting	Per month	
Monthly Maintenance	Per month/account	
Detail Item Fees	Per item	
<b>If services are Un-Bundled (by Module)</b>		
Balance Reporting Module Maintenance	Per account	
Daily Balance Reporting	Per account	
Previous day Reporting	Per account	
Previous Day Dr/Cr Items	Per item	
ACH Module Maintenance	Per account/overall	
ACH Detail	Per item	
Reconciliation Module Maintenance	Per account/overall	
Recon detail	Per item	
Stop Pay Module Maintenance	Per account/overall	
Stop pay item	Per item	
Wire and Internal Transfer Module Maintenance	Per account/overall	
Addenda reporting	Per item	
Positive Pay Module	Per account/mo	
PP Detail	Per item	
Detail Transactions - All modules	Per item	
<b>Deposits</b>		
Commercial Account Maintenance	Per account	
Banking Center Deposits	Per item	
Night Drop Deposit	Per item	
Items Deposited		
Items deposited	Per deposit	
On-us Items	Per item	
Local items	Per item	
Local Fed/RCPC Clearing	Per item	
City Items (in state)	Per Item	
Other State Items	Per item	
11th Fed Country Items	Per item	
Other 11th Fed RCPC Items	Per item	
Transit Item Clearing	Per item	

Encoding Charge	Per item		
<b>Cash Vault</b>			
Cash Vault Base Fee Processing Fee	Per item		
Standard Deposit Vault	Per deposit		
Standard Deposit Note Vault	Per deposit		
Currency Deposits			
Cash deposited	Per \$\$		
Strapped currency furnished			
Currency Wraps Shipped	Per strap		
Coin Deposits			
Full bag - loose coin			
Partial bag of loose coin			
Rolled Coin Furnished	Per roll		
Minimum Change Order			
Branch Order Processing	Per Order		
Branch Per Deposit	Per Deposit		
Branch Coin Shipped	Per Shipment		
Change Order	Per item		
Deposit Corrections	Per item		
Return Item - Per item	Per item		
Return Items Return and Reclear	Per item		
Charge-backs	Per item		
Return Check Notice Fax	Per item		
Return Check Notice Internet	Per item		
<b>ACH Processing</b>			
Service Monthly Maintenance (Base) Fee	Per month/account		
ACH Transactions Originated	Per item		
Debits originated	Per item		
Credits Originated	Per item		
Electronic Credit Received/Posted	Per Item		
Electronic Debit Recived/Posted	Per item		
Electronic Originated Addenda	Per item		
ACH Return Items	Per item		
Return Notification	Per Item		
Deletions or Reversal Charges	Per item		
Transmission	Per file		
Fraud Filter - Review - Base Fee	Per month		
Fraud Filter - Review - Per Item	Per item		
Reports - by Fax	Per item		
<b>Positive Pay</b>			
Service Monthly Maintenance (Base) Fee*	Per account or mo		
Positive Pay Item	Per item		
Per item charge with Partial Recon	Per item		
Per item charge with Full Recon	Per item		
Per item without recon services			
Transmission - File Transmission	Per item		
<b>Imaging</b>			
Imaging Maintenance	Per month		
CD Rom Service - Per Item	Per item		
CD Rom Service - Per Disk	Per item		
<b>Reconciliation</b>			

ACH Monthly Maintenance	Per Month		
Partial Recon Monthly Maintenance	Per Month		
Partial reconciliation - detail	Per item		
Full recon monthly maintenance	Per month		
Full recon detail	Per item		
Deposit Reconciliation - Mo Maintenance	Per Month		
Deposit Recon - per detail	Per item		
Transmissions	Per Transmission		
Transmission Detail	Per item		
<b>Safekeeping</b>			
Service Monthly Maintenance Custody	Per month		
Clearing Fees			
Securities Received/ Delivered - DVP	Per item		
Safekeeping Fees	Per item		
Custody per Cusip/Holding	Per cusip		
Income Collection to DDA	Per item		
<b>Stop Pays</b>			
Stop Pays (automated)	Per item		
<b>Wire Transfers</b>			
Service Monthly Maintenance*	Per month		
Incoming - domestic Straight	Per item		
Outgoing - repetitive - automated, domestic	Per item		
Outgoing - non-repetitive - automated, domestic	Per item		
Book Transfer Internet Initiated	Per item		
Wire Advices Faxed/Mailed	Per item		
<b>OPTIONAL SERVICES REQUESTED</b>			
<b>Remote capture of checks</b>			
One-time set-up or training fees	One time		
Monthly maintenance	Per month/card		
Capture and transmission fee from provider	Per item		
On-us Item	Per item		
Local Item	Per item		
Transit Item	Per item		
<b>RCK Services</b>			
RCK Maintenance	Per account/mo		
RCK Detail	Per items		
<b>Pay/Debit Cards</b>			
Service Monthly Maintenance	Per month		
Processing and servicing	Per card		
Implementation fee	One time		
Initial system design and development	One time		
Enrollment	Per card		
Corrections	Per item		
Employee Charges			
ATM Cash Withdrawal - On-us	Per item		
ATM Cash Withdrawal - non-bank	Per item		
Cash Advance OTC	Per item		
ATM Balance Inquiry	Per item		
Overdraft Fee	Per item		
Lost/stolen replacement fee	Per card		
Standard reporting	Per item		
<b>Purchasing Cards</b>			
Service Monthly Maintenance	Per month		

Card Issuance Fee	Per card		
Transaction Fee	Per item		
License Fee	Per month		
Rebate on amt purchased <\$1mm			
<b>Merchant Card Services</b>			
<b>Fees</b>			
One-time set up fee			
Application fees: First location			
Locations 2-5			
Locations >5			
Annual fee / Monthly Maintenance fee	Per month/location		
Monthly Statement Fee	Per month		
Supply fee	Per month		
Minimum processing fee			
Internet Set-up fee	Per location		
<b>Credit Card Processing fees</b>	Per item		
VISA CPS-2 Interchange	%		
Association	%		
Visa fee	\$		
Bank fee	\$		
MC Merit III Interchange	%		
Association	%		
MC fee	\$		
Bank fee	\$		
Visa Check Card Interchange (Signature)	%		
Association	%		
Visa fee	\$		
Bank fee	\$		
MC Debit Card Interchange (Signature)	%		
Association	%		
MC fee	\$		
Bank fee	\$		
Debit Card Processing MC/Visa			
<b>Authorization Fees</b>			
Voice authorizations			
Address verification			
Terminal Authorizations			
MC Electronic authorization			
Discover Electronic authorization			
AmEx Electronic authorization			
<b>Processing Fees</b>			
Chargeback processing			
Batch settlement fee			
Transmission Fee	Per item		
Transmission - Item	Per item		

## Attachment B

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

<u>Type of Account</u>	<u>Number of Accounts</u>	<u>Interest Bearing/ Non-Interest Bearing</u>	<u>Average Number transactions / month</u>	<u>Total Avg Monthly Activity - DR/(CR)</u>
Operating Fund	1	IB checking	150	900,000/(800,000)
Operating Checking	1	IB checking	350	1,500,000
Payroll Clearing	1	IB	1	(800,000)
Tax Collections	1	IB	5	(400,000)
Worker's Comp	1	NIB	1	(5)
Auxiliary	1	IB	1	(50)
Restricted Funds	1	IB	8	(75,000)
Federal Funds	1	IB	6	(900,000)
Student Organization Fund	1	IB	10	(5,000)
Foundation	1	IB	15	(10,000)
CE Operating Fund	1	IB	20	(15,000)
Credit Card	2	IB	60	(190,000)
Revenue Bond Tuition/Fees	1	NIB		
Tax Bond	1	IB		

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All investments made by investing entities, including college districts, shall comply with the Public Funds Investment Act, Government Code Chapter 2256, Subchapter A, and all federal, state, and local statutes, rules, or regulations. *Gov't Code 2256.026*

WRITTEN POLICIES

The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds under its control. The investment policies must be written; primarily emphasize safety of principal and liquidity; and address investment diversification, yield, and maturity and the quality and capability of investment management; and include:

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

*Gov't Code 2256.005(b)*

ANNUAL REVIEW

The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. *Education Code 51.0032; Gov't Code 2256.005(e)*

INVESTMENT  
STRATEGIES

As an integral part of the investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under the its control. Each investment

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strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

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

*Gov't Code 2256.005(d)*

INVESTMENT  
OFFICER

Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of Government Code Chapter 2256. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains the ultimate responsibility as fiduciaries of the assets of the investing entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity. *Gov't Code 2256.005(f)*

Government Code Chapter 2256 does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under Government Code Chapter 2256. *Gov't Code 2256.003(c)*

INVESTMENT  
TRAINING

Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to

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the person's responsibilities under the Public Funds Investment Act within six months after taking office or assuming duties. The Coordinating Board shall provide the training under Government Code 2256.007. The training must include education in:

1. Investment controls;
2. Security risks;
3. Strategy risks;
4. Market risks;
5. Diversification of investment portfolio; and
6. Compliance with the Public Funds Investment Act.

The investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on the Public Funds Investment Act and deliver it to the governing body of the state agency no later than the 180th day after the last day of each regular session of the legislature.

*Gov't Code 2256.007*

STANDARD OF  
CARE

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

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

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

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

*Gov't Code 2256.006*



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PERSONAL  
INTEREST

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

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

*Gov't Code 2256.005(i)*

QUARTERLY  
REPORTS

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

1. Describe in detail the investment position of the entity on the date of the report;
2. Be prepared jointly by all investment officers of the entity;
3. Be signed by each investment officer of the entity;
4. Contain a summary statement for each pooled fund group (i.e., each internally created fund in which one or more accounts are combined for investing purposes) that states the:
  - a. Beginning market value for the reporting period;
  - b. Ending market value for the period; and
  - c. Fully accrued interest for the reporting period;

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5. State the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
6. State the maturity date of each separately invested asset that has a maturity date;
7. State the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and
8. State the compliance of the investment portfolio of the state agency or local government as it relates to the agency's or local government's investment strategy expressed in the agency's or local government's investment policy and relevant provisions of Government Code Chapter 2256.

If the entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officer under Government Code Chapter 2256 shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

*Education Code 51.0032; Gov't Code 2256.023*

SELECTION OF  
BROKER

The governing body of an entity subject to Government Code Chapter 2256, Subchapter A or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity. *Gov't Code 2256.025*

AUTHORIZED  
INVESTMENTS

Each governing body of a local government or a state agency may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with investment policies approved by the governing body and according to the standard of care set out in this policy. Investments may be made directly by the governing body or by a nonprofit corporation acting on behalf of the governing body or an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

In the exercise of these powers, the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made for such purpose may not be for a term longer than two years. A renewal or extension of the contract must

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be made by the governing body of an investing entity by order, ordinance, or resolution.

*Gov't Code 2256.003(a)-(b)*

OBLIGATIONS

Except as provided below, the following are authorized investments:

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

*Gov't Code 2256.009(a)*

The following investments are not authorized:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

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4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

*Gov't Code 2256.009(b)*

CERTIFICATES OF  
DEPOSIT AND  
SHARED  
CERTIFICATES

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

1. Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
2. Secured by obligations described by Government Code 2256.009(a) above, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage-backed securities of the nature described by Section 2256.009(b); or
3. Secured in any other manner and amount provided by law for the deposits of the investing entity.

In addition to the authority to invest funds in certificates of deposit under the previous section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under Government Code 2256.010:

1. The funds are invested by an investing entity through a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Government Code 2256.025, or a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
2. The broker or depository institution selected by the investing entity arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
3. The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
4. The investing entity appoints the depository institution selected by the investing entity under paragraph a above or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. 240.15c3-3) as

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custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

*Gov't Code 2256.010(a)–(b)*

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

REPURCHASE  
AGREEMENTS

A fully collateralized repurchase agreement is an authorized investment under Government Code Chapter 2256 if the repurchase agreement:

1. Has a defined termination date;
2. Is secured by a combination of cash and obligations of the United States or its agencies and instrumentalities;
3. Requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited with the entity or a third party selected and approved by the entity; and
4. Is placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in Texas.

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

*Gov't Code 2256.011*

SECURITIES  
LENDING PROGRAM

A securities lending program is an authorized investment if:

1. The value of securities loaned must not be less than 100 percent collateralized, including accrued income, and the loan must allow for termination at any time;
2. The loan must be secured by:
  - a. Pledged securities described by Government Code 2256.009;
  - b. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at

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least one nationally recognized investment rating firm at not less than A or its equivalent; or

- c. Cash invested in accordance with Government Code 2256.009, 2256.013, 2256.014, or 2256.016;
3. The terms of the loan require that the securities being held as collateral be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity; and
4. The loan must be placed through a primary government securities dealer, as defined by 5 C.F.R. 6801.102(f), as that regulation existed on September 1, 2003, or a financial institution doing business in this state.

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

*Gov't Code 2256.0115*

**BANKER'S  
ACCEPTANCE**

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

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

*Gov't Code 2256.012*

**COMMERCIAL  
PAPER**

Commercial paper is an authorized investment if the commercial paper:

1. Has a stated maturity of 270 days or fewer from the date of issuance; and
2. Is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies, or by one nationally recognized credit rating agency and is fully se-

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cured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

*Gov't Code 2256.013*

MUTUAL FUNDS

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

1. Is registered with and regulated by the Securities and Exchange Commission;
2. Provides the investing entity with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.);
3. Has a dollar-weighted average stated maturity of 90 days or fewer; and
4. Includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

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

1. Is registered with the Securities and Exchange Commission;
2. Has an average weighted maturity of less than two years;
3. Is invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
4. Is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
5. Conforms to the requirements in Government Code 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

Investments in no-load money market mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c). In addition, the investing entity may not invest any portion of bond proceeds, reserves, and funds held for debt service, in no-load mutual funds.

*Gov't Code 2256.014*

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GUARANTEED  
INVESTMENT  
CONTRACTS

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

1. Has a defined termination date;
2. Is secured by obligations described by Government Code 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and
3. Is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

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

To be eligible as an authorized investment:

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

*Gov't Code 2256.015*

INVESTMENT  
POOLS

A public funds investment pool is an authorized investment if it meets the requirements of Government Code 2256.016 and 2256.019, including that the governing body of the entity authorizes the investment in the particular pool by rule, order, ordinance, or resolution, as appropriate. *Gov't Code 2256.016, .019*

CHANGE IN LAW

An entity is not required to liquidate investments that were authorized investments at the time of purchase. *Gov't Code 2256.017*



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LOSS OF REQUIRED RATING	<p>An investment that requires a minimum rating under Government Code Chapter 2256 does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating. <i>Gov't Code 2256.021</i></p>
INVESTMENT OF DEBT SERVICE FUNDS	<p>A junior college district may enter into a contract with a term not to exceed seven years to purchase investments with the proceeds of taxes levied or to be levied by the district for the purpose of paying debt service on bonds issued by the district.</p> <p>A contract under this section may provide for the purchase of investments at a stated yield or yields.</p> <p>Before entering a contract under this section, a college district must solicit and receive bids from at least three separate providers. The district must accept the qualifying bid that provides for the highest yield investments over the term of the contract.</p> <p>A contract under this section may provide only for the purchase of an obligation described by Government Code 2256.009(a)(1), other than an obligation described by Government Code 2256.009(b).</p> <p><i>Education Code 45.112</i></p>
GENERAL DEPOSITS	<p>The governing board of each institution of higher education may invest the funds received as general deposits authorized by Education Code 54.502 in the manner provided under either Education Code 51.003 or 51.0031. <i>Education Code 54.5022</i></p>
SELLERS OF INVESTMENTS	<p>A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. For purposes of Government Code 2256.005, a business organization includes investment pools and an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:</p> <ol style="list-style-type: none"><li>1. Received and thoroughly reviewed the investment policy of the entity; and</li><li>2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to pre-</li></ol>

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clude investment transactions conducted between the entity and the organization that are not authorized by the entity's policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a person who has not delivered to the entity the instrument described above.

*Gov't Code 2256.005(k)-(l)*

DONATIONS

Government Code Chapter 2256, Subchapter A does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor. *Gov't Code 2256.004(b)*

ELECTRONIC FUNDS  
TRANSFER

Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government. *Gov't Code 2256.051*

PRIVATE AUDITOR

Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency. *Gov't Code 2256.052*

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INVESTMENT  
AUTHORITY

The Vice President for Administrative Services and the College District Controller shall serve as the investment officers of the College District and shall invest College District funds as directed by the Board and in accordance with the College District's written investment policy and generally accepted accounting procedures. All investment transactions except investment pool funds and mutual funds shall be executed on a delivery versus payment basis.

APPROVED  
INVESTMENT  
INSTRUMENTS

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

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

SAFETY AND  
INVESTMENT  
MANAGEMENT

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

LIQUIDITY AND  
MATURITY

Any internally created pool fund group of the College District shall have a maximum dollar weighted maturity of 180 days. The maxi-

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mum allowable stated maturity of any other individual investment owned by the College District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

The College District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

DIVERSITY

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

MONITORING MARKET PRICES

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

MONITORING RATING CHANGES

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

FUNDS / STRATEGIES

Investments of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below.

OPERATING FUNDS

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

AGENCY FUNDS

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECTS

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

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SAFEKEEPING AND CUSTODY	The College District shall retain clearly marked receipts providing proof of the College District's ownership. The College District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with College District funds by the investment pool.
BROKERS / DEALERS	Prior to handling investments on behalf of the College District, brokers/dealers must submit required written documents in accordance with law. [See SELLERS OF INVESTMENTS, CAK(LEGAL)] Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA).
SOLICITING BIDS FOR CD'S	In order to get the best return on its investments, the College District may solicit bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods.
INTEREST RATE RISK	<p>To reduce exposure to changes in interest rates that could adversely affect the value of investments, the College District shall use final and weighted-average-maturity limits and diversification.</p> <p>The College District shall monitor interest rate risk using weighted average maturity and specific identification.</p>
INTERNAL CONTROLS	<p>A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the College District. Controls deemed most important shall include:</p> <ol style="list-style-type: none"><li>1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.</li><li>2. Avoidance of collusion.</li><li>3. Custodial safekeeping.</li><li>4. Clear delegation of authority.</li><li>5. Written confirmation of telephone transactions.</li><li>6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.</li><li>7. Avoidance of bearer-form securities.</li></ol> <p>These controls shall be reviewed by the College District's independent auditing firm.</p>